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Japan

NEC, HP To Develop 'Server' Computers

OW0702115695 Tokyo KYODO in English 1047 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—NEC Corp. said Tuesday [7 February] it has struck an agreement with Hewlett-Packard Co. (HP) of the United States to jointly develop and market "server" computers which provide data and support services for networks of other computers.

The deal is designed to give the pair an advantage over other computer makers that are working to downsize their product lineups, by combining NEC's expertise in mainframe computers with HP's advanced technologies in the server and workstation fields, industry sources said.

The accord calls for the joint development of relatively large servers with an eye to placing the new products on the market within two years, company officials said.

The deal also allows NEC to obtain HP's existing large server, the "HP-9000 T500," on an original equipment manufacturing (OEM) basis, they said.

NEC has been marketing its own servers equipped with microprocessing units (MPUS) made by Mips Technologies Inc. of the U.S., the officials said.

However, the next-generation servers to be jointly developed with hp will be higher grade models marketed at higher prices, they said.

Five alliances of computer makers, including those led by HP, IBM Corp. and Sun Microsystems Inc., are vying with each other to garner a greater market share in global markets.

The linkup of NEC and HP may rattle the nerves of their competitors by enabling the pair to draw a greater number of customers, the industry sources added.

Editorials on G-7's Role in Currency Crisis

Cooperation System Urged

OW0702114395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Feb 95 Morning Edition p 2

[Editorial: "Need for Currency Crisis Management"]

[FBIS Translated Text] An agreement was reached at a meeting of Group of Seven (G-7) finance ministers and central bank governors—held amid the currency crisis in Mexico—to establish an early warning system to avoid a similar crisis in the future. However, it does not mean that uncertainties about currency in emerging markets were removed. At the meeting, the G-7 nations were in disarray over the crisis management measures proposed by the United States. But they have to reaffirm their cooperative efforts to avoid a worldwide currency crisis stemming from the currency crisis in emerging markets.

It was made clear at the Toronto G-7 meeting that the U.S. monetary authorities—which have led the international currency market—are losing their leadership.

The Clinton government-proposed $40 billion aid program for Mexico was rejected by the Republican-dominated Congress. But just before Mexico defaulted on its debts, measures to assist Mexico were worked out by the U.S. Government and such organizations as the International Monetary Fund and private banks, totaling $52.8 billion. However, in response, Germany and other European nations indicated strong dissatisfaction, saying that the U.S. monetary authorities' advance coordination with the G-7 nations was not enough.

Within the European nations, there is a view that Mexico's currency crisis is a problem for the North American Free Trade Agreement [NAFTA]. It is true that after joining NAFTA, Mexico's deficit expanded as a result of increased imports. To make up for the deficit, Mexico invited investment with high interest rates. Such economic management indicated a slump in the peso. In a sense, it can be said that the currency crisis occurred in the wake of Mexico's overreaching following participation in NAFTA and the United States' impatient policy of expanding its market.

To solve the issue, what should be done first is that Mexico should make efforts to restore its economy with the aim of reducing its deficit. But we cannot leave the issue as a problem to be solved by NAFTA alone.

Mexico's currency crisis is not merely a problem of only one region. This regional issue is connected with the world's financial and investment markets. Mexico's currency crisis has already had an impact not only on markets in other Central and South American nations—which are also suffering deficits—but also on the emerging markets in Asian nations. The weak currency of European nations was also sold. Therefore, the currency crisis in the emerging markets will eventually rebound against the major nations.

For that reason, the G-7 has to forget about its own interests and establish a system of cooperation on a global scale. Since international capital movement in emerging markets in particular has become unstable, it is necessary to establish a crisis management system aimed at stopping the chain reaction of uncertainties about currency.

The establishment of the early warning system agreed at the recent G-7 meeting is the first step. They have to come up with a system of preventing a liquidity crisis in emerging markets by keeping an eye on nations' current account balance.

The United States-proposed idea of establishing emergency loans from the IMF will also be a subject for study. The idea is to establish a system of extending emergency loans from the IMF to a nation falling into a liquidity crisis. There are cautious views among the European nations, saying that emergency loans will cause developing countries to lose their moderation. But it is necessary to establish a system under which the IMF will be able to take flexible action in line with the movement of international capital.

Japan could fall into a currency crisis as Mexico did. Although Japan's monetary authorities said Japan will give "appropriate cooperation;" now is the time for Japan to willingly propose the new framework for cooperation.

Mutual Trust Needed

OW0702124495 Tokyo MAINICHI SHIMBUN in Japanese 6 Feb 95 Morning Edition p 5

[Editorial: "G-7's Role in Currency Crises"]

[FBIS Translated Text] Following the recent announcement by U.S. President Bill Clinton of an aid package totaling $50 billion to address Mexico's currency crisis, foreign exchange markets have finally become stable.

Currency crises may occur in other countries, too. Under the present situation in which the world is moving toward economic integration and money moves rapidly across borders, the flow of money to such newly emerging markets as Mexico, China, and Hungary could be reversed at any moment, depending on changes at home and abroad.

One country's financial problem greatly influences other countries, just as Mexico's currency crisis immediately affected European and Asian countries.

Finance ministers and central bankers from the Group of Seven (G-7) countries recently met in Toronto and discussed how financial authorities should cooperate in currency crises. From now on, it will be necessary for the G-7 and other countries to thoroughly discuss ways to deal with global financial crises.

International financial organizations, such as the International Monetary Fund (IMF) and the World Bank, played a major role in efforts to extricate developing countries from loan crises in the 1980's. However, under the current situation in which a huge amount of money rapidly moves around the world, it is difficult for the existing organizations alone to cope with financial crises.

The G-7 countries have introduced a mutual economic surveillance system for exchange stabilization. Yet you can hardly say the system is successful because Japan's economic boom, the so-called bubble economy, occurred under this system. If the G-7 nations try to expand the surveillance system to developing countries, they will face strong opposition. Also, there is no guarantee the system will function in developing economies.

What worries us is the possibility that, although the world is moving toward economic integration, the political situation in major countries may become unstable and this may undermine their financial cooperation.

President Clinton originally proposed a $40 billion aid package for Mexico, but Congress failed to approve it. Eventually, he assembled a new rescue package using the exchange stabilization fund, which does not require congressional approval.

Mexico's financial crisis might have worsened if Clinton and Treasury Secretary Robert Rubin did not act quickly. In this context, we question congressional judgment and its ability to address the crisis as a concerned party. Meanwhile, we would like to give high marks to the president's quick action.

European financial authorities are opposing the United States because Washington announced its rescue package without prior consultation with them. Their opposition also appears to have to do with a past event: When Europe was hit by the pound crisis in the summer of 1992, the United States regarded the financial problem as a regional issue and did not extend an helping hand. In a sense, G-7 nations are not monolithic and their cooperative relations have now cracked.

The amount of funds major industrialized countries can raise for exchange stabilization is very small compared to the private sector's funds for speculation. Thus, it is necessary for financial authorities to maintain cooperative relations and take concerted actions.

Many central banks in newly industrializing countries and regions in Asia have held abundant foreign reserves. These countries' participation in financial cooperation is indispensable to maintaining currency stability.

Again, as in the case of security cooperation, it is important to establish relations of trust among financial authorities for exchange stabilization.

The G-7 nations meet four times a year. When they meet, they will certainly be able to promote relations of trust even if they fail to reach substantial agreement. We hope the Japanese financial authorities will promote relations of trust with other countries and international financial organizations.

Murayama on Russia's Failure To Return Islands

OW0702060595 Tokyo KYODO in English 0555 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—Prime Minister Tomiichi Murayama said Tuesday the failure of Russia to return four Japanese-claimed islands off Japan's northernmost main island of Hokkaido is a matter of great regret.

"Now that half a century is about to pass after the end of the war, it's very regrettable that the northern territories, which are an inherent part of our country, have yet to be returned," Murayama said in an address to a national meeting to demand the return of the four islands.

Murayama noted that it is desirable for Japan and Russia as well as the international community to resolve the territorial dispute under the principles of law and justice stipulated in a joint statement issued in October 1993 by then Prime Minister Morihiro Hosokawa of Japan and Russian President Boris Yeltsin.

Japan and Russia have yet to sign a peace treaty to formally end hostilities after World War II because of the territorial dispute over the islands of Etorofu, Kunashiri, Habomai and Shikotan which were seized by Soviet troops in the final days of the war.

EU Envoy on Relations With Tokyo, APEC

OW0702090195 Tokyo KYODO in English 0804 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—The European Union (EU) wants to be "regularly informed" of discussions at the Asia-Pacific Economic Cooperation (APEC) forum instead of becoming a full member of the group, the EU ambassador to Japan said Tuesday [7 February].

"Obviously we take an interest in APEC," Jorn Keck, head of the European Commission delegation in Japan, told a press conference at the Japan National Press Club.

"We have been seeking not an observer status or full membership...But we are asking to be regularly informed of what is happening in APEC."

Keck, who assumed the post last September, said the "Asia boom," focusing on China, Vietnam and the Association of Southeast Asian Nations (ASEAN), carries the "risk of eclipsing European interest in Japan."

The focus is also likely to shift to India in the future, he said.

The ambassador said Japan "remains a priority" for the EU because "any Asia strategy that does not keep Japan in focus would be flawed" for Japan's political and economic importance in the region.

Describing the Japan-EU relations as "good," Keck said the bilateral deficit, at 22 billion dollars in 1994, is still "too big for comfort."

It is politically important to see "some visible success stories" in the area of "big-ticket items," such as sales of European aircraft and aeroengines to new customers and important contracts in government procurement, he said.

Good bilateral relations do not mean that the EU "renounced our right to press trade issues where we feel we have a just cause and where we can make a credible case or to defend ourselves, if we feel that multilaterally agreed rules have not be respected," Keck said.

Touching on deregulation, Keck refused to comment on the EU stance on a set of Japan's interim deregulations unveiled last month.

"We have refused to jump to a quick conclusion," the EU envoy said, adding that the matter will be discussed when experts from the EU and Japan meet this week.

The EU wants to first understand the government's view and then decide whether it is satisfactory, he said.

Japan has pledged to issue a five-year deregulation program by the end of March.

NTT To Bring China's Postal System On-Line

OW0702102195 Tokyo KYODO in English 0925 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—NTT Data Communications Systems Corp. said Tuesday [7 February] it has received an order from China to construct a nationwide on-line postal savings system.

The 100 million yen project will be a core system linking post offices throughout China, allowing cash deposits and withdrawals through automated cash dispensers, NTT Data officials said.

In the first stage, NTT Data will help link such systems under construction in Beijing, Shanghai and another three cities.

The network system will be expanded to 25 cities by the end of 1995, they said.

Kirin Launches PRC Soft Drink Joint Venture

OW0702115795 Tokyo KYODO in English 1053 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—Kirin Beverage Corp. said Tuesday [7 February] it has launched a joint venture in China to manufacture and market its soft drinks.

The subsidiary of Japan's top beer brewer Kirin Brewery Co. said the new firm incorporated in Wuxi, Jiangsu Province, will start operations in March.

The company said it plans to produce 20,000 tons of soft drinks annually in a few years.

Kirin products have been manufactured and marketed by the company's Chinese partner in the city under a license agreement since 1985, the company said.

Debate Urged on Financing Reconstruction

OW0702022295 Tokyo KYODO in English 0203 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—Finance Minister Masayoshi Takemura said Tuesday [7 February] the government should discuss financial sources, including tax hikes, for restoration of areas devastated by the Jan. 17 earthquake and reach a conclusion as soon as possible.

Takemura said at a press conference after a regular cabinet meeting, "it is wrong to deliberately delay discussion of sources of revenue for quake reconstruction...a conclusion should be reached through thorough argument on every possible financial means while the issue is hot." For reasons of elections, limitations should not be placed on discussions of how to finance restoration of quake-hit Kobe and surrounding areas, Takemura said.

The NIHON KEIZAI SHIMBUN, a business daily, said Tuesday the government and ruling coalition parties are considering whether to raise taxes by the end of the year to finance quake reconstruction because it is not politically advisable to talk about tax hikes ahead of nationwide local elections in April and an election for the House of Councillors in summer. Takemura said since money cannot spring from nowhere, the government has to decide the issue in light of public opinion.

Economic Planning Agency chief Masahiko Komura, however, showed a reluctance to discuss in detail the ticklish subject of tax hikes to finance quake reconstruction with elections looming. Recently floated suggestions of scrapping or postponing planned 1996 income tax cuts are "not something to talk about at this point," the director general of the Economic Planning Agency told a separate news conference. "Financing will be considered based on close examination of whether the economy is on a full recovery path," Komura said.

International Trade and Industry Minister Ryutaro Hashimoto also showed a cautious stance on increasing taxes as a source of funds for the quake reconstruction work.

Hashimoto told reporters that the government should not debate the tax hike issue before determining how much of the reconstruction funds could be covered by construction bonds and the initial government budget plan for fiscal 1995. He added that the full extent of damage caused by the earthquake has not yet been established.

Government Likely To Issue Deficit Bonds

OW0702112995 Tokyo KYODO in English 1052 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—The government is likely to issue deficit-covering bonds worth some 500 billion yen in a second fiscal 1994 supplementary budget to finance urgent reconstruction in the quake-hit Hanshin area due to an expected tax revenue shortage, Finance Ministry sources said Tuesday [7 February].

The second extra budget for limited emergency reconstruction measures will be compiled and submitted for Diet debate in late February, a Finance Ministry official said.

Japan's tax revenues in fiscal 1994 ending March 31 are expected to drop by 500 billion to 600 billion yen as a result of damage from the Jan. 17 great Hanshin earthquake, according to a ministry estimate.

The tax revenue shortage has to be made up for by deficit-financing bonds because an emergency account and nontax revenues earmarked in the state budget for the current fiscal year are only enough to finance temporary housing and disposal of debris in quake-stricken Kobe and its vicinity, for which construction bonds cannot be used, the sources said.

The tax revenue dearth was calculated on the assumption that corporate taxes will sharply drop because of greater deficits from damage to buildings and other property, as well as a granted postponement of tax payments, they said.

Income tax cuts or exemption for quake victims and tax deductions for houses destroyed by the quake were also taken into account in estimating the drop in tax revenues, they said.

in the first fiscal 1994 extra budget plan, which was passed by the House of Representatives on Tuesday, the ministry once reduced its tax revenue estimate to 51.418 billion yen from 53,665 billion yen in the initial budget.

Due to the devastating quake, however, tax revenues are likely to further drop to the 50 trillion yen level for the first time in six years since fiscal 1988, when tax revenues came to 50,826.5 billion yen, the sources said.

Given a slightly quicker pace of tax revenue increases during the April-December period than a year earlier, the government had expected its revised estimate to be realized before the quake occurred, the sources said.

For fiscal 1995 starting April 1, the ministry intends to keep unchanged its initial estimate of 53,731 billion yen in tax revenues in the budget plan for the year already submitted to the current ordinary Diet session, they said.

It expects that growing demand for reconstruction in the next fiscal year will help tax revenues recover nationwide, offsetting tax revenue falls in quake-hit western Japan, they said.

Budget Committee Passes Extra Budget Plan

OW0702060395 Tokyo KYODO in English 0550 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—The House of Representatives Budget Committee on Tuesday passed the government's supplementary budget plan for fiscal 1994, though deliberation was temporarily stopped by arguments over a financial authorities' bailout plan for two failed credit unions.

The extra budget plan, slashing the initial budget by 673.45 billion to 72,408.22 billion yen and including new expenditures worth 1,331.65 billion yen mainly for agricultural measures, will be passed by the lower house's plenary session Tuesday afternoon and referred to the House of Councillors.

The extra budget, the first one for fiscal 1994, does not include expenses to restore damage from the Jan. 17 Great Hanshin earthquake. The government is now working on the second extra budget for that purpose.

During Tuesday's deliberations, Shozo Kusakawa, a member from the opposition Shinshinto (New Frontier Party), brought up the issue of the Bank of Japan (BOJ) rescue measures for the failed credit unions.

Kusakawa called the bailout program "unusual," echoing some financial experts' criticism that the move provided too much help from the public sector for poor results of private businesses. He asked whether Prime Minister Tomiichi Murayama allowed the program because he wanted to help the all Japan prefectural and municipal workers union, one of the strong political backup groups for Murayama that placed considerable investment through the failed credit unions.

In late January, the central bank established, along with private financial institutions, a new special bank, Tokyo Kyodou Bank, to take over business of Tokyo Kyowa Credit Union and Anzen Credit Union. A lot of future financial aid was also promised. Murayama denied the allegation, saying he had no knowledge of customer investors of the credit unions.

Asked by Kusakawa whether Harunori Takahashi, former chief of Tokyo Kyowa Credit Union, is criminally liable, the Finance Ministry's Banking Bureau chief Yoshimasa Nishimura and the Justice Ministry's Criminal Affairs Bureau chief Mamoru Norisada indicated if anything doubtful is found then investigations will be carried out. Kusakawa's request to reveal the list of the credit unions' customers was accepted.

Further on Budget Passage

OW0702102795 Tokyo KYODO in English 0917 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—The House of Representatives on Tuesday [7 February] passed the government's supplementary budget plan for fiscal 1994, including measures to mitigate effects of the trade-liberalizing 1994 Uruguay Round accords on Japanese farming.

The lower house sent the budget to the House of Councillors immediately after all parties other than the Japanese Communist Party approved it in a plenary session.

The Diet is expected to pass the budget when the full upper house approves it Thursday.

The extra budget, the first one for fiscal 1994, does not include appropriations for reconstruction work in the region devastated by the Jan. 17 great Hanshin earthquake.

The cabinet under Prime Minister Tomiichi Murayama is expected to work out the second extra budget, including expenses for quake reconstruction work, on Feb. 24 for presentation to the Diet.

The first extra budget plan slashed the initial budget by 673.5 billion yen due to a sharp drop in tax revenues and included 627.4 billion yen worth of appropriations for Uruguay Round-related measures.

It also included 1,057.1 billion yen worth of construction bond issues and 199.9 billion yen worth of deficit-covering bond issues.

The budget raised the ratio of government bond issues to general-account revenues to a high 20.6 percent.

Law on Quake Restoration Considered

OW0602134995 Tokyo KYODO in English 1221 GMT 6 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 6 KYODO—The government began studying the enactment of a "basic restoration law" on Monday [6 February] to set up a body to oversee rebuilding of quake-devastated towns and provide basic principles for restoration, government officials said.

It is not certain, however, whether such a law will be submitted to the Diet because preparations for a bill and discussions at the Diet will take considerable time, they said.

Also, it is not clear if the government body under consideration will have something to do with a proposed government entity on restoration, they said.

The government and the three ruling parties agreed Saturday to set up a government office devoted to the restoration of Kobe and other areas ravaged by the Jan. 17 earthquake so as to help speed up reconstruction work.

The government has planned to prepare a package of bills on promotion of the rehabilitation of towns and assistance for quake victims by the end of the month.

Some government officials, however, proposed Monday that legislation on a government body and government principles on restoration should be made a single law, they said.

Quake Deals 'Severe Blow' to Insurers

OW0702102295 Tokyo KYODO in English 0936 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—Japanese insurance firms, already suffering from a slump in business, will take a severe blow from the disastrous earthquake that ravaged western Japan on Jan. 17, industry officials said Tuesday [7 February].

The officials said insurers' expenditures are expected to swell due to damage caused to their assets by the quake and insurance payments to customers.

Sales of new insurance policies have come to a virtual standstill in the quake-ravaged region, they said.

New insurance contracts concluded in the quake-hit areas in January plunged 70-80 percent from a year earlier, officials of a major insurance company said.

Property owned by insurance companies suffered heavy damage in the disaster, the officials said.

Nippon Life Insurance Co. said damage to its property is estimated at 16 billion yen.

Dai-ichi Mutual Life Insurance Co. and Sumitomo Life Insurance Co. said their damage will likely hit 3 to 5 billion yen.

Insurance payments by 30 insurers for quake victims are expected to hit an all-time high, far exceeding the previous record of 11.1 billion yen set in the 1985 crash of a Japan Airlines Co. jetliner, the sources said.

The disaster will worsen the financial crises facing insurance companies resulting from a stock market slump and the lowering of interest rates, they said.

Murayama Regaining Confidence Despite Crisis

OW0702120195 Tokyo ASAHI SHIMBUN in Japanese 6 Feb 95 Morning Edition p 2

[FBIS Translated Text] Prime Minister Tomiichi Murayama has experienced the most difficult time of his life in terms of mental and physical condition since the Great Hanshin Earthquake. A series of meetings on reconstruction measures and the House of Representatives Budget Committee sessions have made him tired and tense. Once, he even said weak-heartedly that "I am the naked king." The rumor of Murayama's early resignation has been talked about among some people. Lately, however, he has been regaining his mental serenity, saying, "Doing my utmost in implementing quake-related steps is my obligation." At the same time, he seems to keenly feel the graveness and solitariness of the "office of the prime minister."

"What is going on at the prime minister's official residence? After I go to bed, there is no one here." Murayama's irritation reached its climax when deliberations started in the lower house budget committee in late January. Concerning the handling of the earthquake disaster, the opposition parties have urged the prime minister to take the responsibility, asserting, "His failure deserves death," (according to Nobuaki Futami from the New Frontier Party [NFP]). Murayama has keenly felt the solitariness as prime minister, and deplored the prime ministerial secretariat's poor crisis management system. During this period of time, his remarks on the reconstruction bonds and the Korean Peninsula issue changed rapidly. An official close to Murayama said, "He was deeply distressed, 'blaming himself for victimizing over 5,000 people.'"

The inner conflict of the Social Democratic Party of Japan [SDPJ], the Japan-U.S. summit talks, earthquake-related measures, and the budget committee....Murayama has often complained of a lack of sleep since last fall due to the strained situation. After the earthquake, one of the SDPJ cabinet members has shown his anxiety, saying, "The prime minister's mental vigor and physical strength are close to their end." Masaharu Gotoda, former vice president of the Liberal Democratic Party [LDP] visited the prime minister's official residence twice in late January with the same anxieties. According to an official concerned, Gotoda encouraged the prime minister, saying: "The government has been doing its utmost in handling this disaster. You should be more confident."

Recently, Murayama seems to be regaining his mental serenity. After the lower house budget committee session on the evening of 3 February, he, with a placid attitude, told the press: "It was a long week, wasn't it? But, thanks to valuable advice, I have learned many things." At his official residence on the evening of 2 February, Murayama had dinner with senior labor union officials, who are close to him. He enjoyed Sashimi of mackerel sent from his home town of Oita, and said, "There is nothing like the food of my home town."

In addition to progress in reconstruction activities, the opposition parties' monotonous questions at the budget committee seem to help Murayama recover his confidence. Some senior opposition party officials maintain a cautious view, saying: "I thought the Murayama administration would last until the coming spring at the longest. However, in considering his recent remarks at the Diet deliberations, his administration might be able to last longer than we expected."

On the evening of 31 January, Murayama met with SDPJ Secretary General Wataru Kubo after a long interval. They mainly talked about the handling of the earthquake crisis. After the meeting, Chief Cabinet Secretary Kozo Igarashi, who had also attended the meeting, talked in a cheerful mood: "Mr.Kubo is doing fine, as well as Prime Minister Murayama. We all are tired, but full of energy at the same time. The Murayama administration is doing fine."

Due to the earthquake, moves by the group led by former SDPJ Chairman Sadao Yamahana to secede from the SDPJ so as to establish a new party have been frozen. Although the SDPJ is stable for the moment, problems still exist. However, under the present situation, Murayama does not have time to deal with intraparty problems. It seems that he will not be able to relax for the time being, due to the earthquake and party-related issues.

LDP Leader Defends Murayama on Handling Quake

OW0702080595 Tokyo KYODO in English 0639 GMT 7 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 7 KYODO—A senior official of the governing Liberal Democratic Party (LDP) on Tuesday [7 February] defended Prime Minister Tomiichi Murayama over his political responsibility for severe damage caused by the Jan. 17 earthquake in western Japan.

"One person cannot take the blame and offset the occurrence of the disaster," former LDP Secretary General Seiroku Kajiyama said at a press luncheon, brushing aside calls for Murayama's resignation.

The responsibility "is something we all should share" in lieu of breathing fire on the premier for his alleged failure to cope with the quake that claimed the lives of more than 5,000 people, he said.

A known ally of Murayama, Kajiyama is considered an eminence grise of the LDP-led ruling coalition that also includes Murayama's Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ], the LDP's bitter Cold War era rival.

On a proposed Diet resolution pledging that Japan will never again wage war to mark the 50th anniversary this year of the end of World War II, Kajiyama said Japan's war-renouncing Constitution has already made the nation's position clear.

"The most important thing of all is the Constitution, and under our Constitution the renunciation of war is nothing but a matter of course," he asserted, adding the question of a resolution would need further careful consideration.

While the traditionally pacifist SDP has sought to pass an antiwar Diet resolution by Aug. 15 this year, the date of Japan's surrender in 1945, a group of nearly 150 LDP legislators has expressed adamant opposition to the idea.

Defense Agency Chief Discusses Security, SDF

OW0302140995 Tokyo BUNGEI SHUNJU in Japanese Feb 95 pp 274-281

["Dialogue" between Defense Agency Director General Tokuichiro Tamazawa and political commentator Yoshimasa Miyazaki, on 21 November 1994, place not given: "What Our Future Defense Should Be Like"—published as paid advertisement by the Japanese Government]

[FBIS Translated Text] **Self-Defense Forces, 40 Years Old and Has No Doubts**

[Miyazaki] When the Police Reserve Force, which one could say was the predecessor of the Self-Defense Forces, became the Public Peace Force and then the Self-Defense Forces, we newspaper reporters used such expressions as "the tadpole has turned into a frog." But on the other hand, we were filled with expectations.

It has been 40 years since the inauguration of those Self-Defense Forces. Now then, at this point, how do you evaluate Japan's post-war defense policy and the role the Self-Defense Forces have played?

[Tamazawa] As it is the 40th anniversary of the establishment of the Self-Defense Forces, I myself feel that [we are now] "at 40 and have no doubts." [quote from the Analects of Confucius] That is to say, there have been many arguments about the proper nature of Japanese defense during the past 40 years. But what is most significant is that for 40 years Japan has not been involved in any war and has maintained peace and security.

[Miyazaki] I agree.

[Tamazawa] And we have survived the Cold-War era of the big two, the East and West, camps. So I am proud that Japanese security policy has proven to be correct.

As for Self-Defense Forces' activities, their international contribution results from the fact that the Japanese people as a whole reached a clear consensus [on the role of the Self-Defense Forces].

[Miyazaki] When you, Mr. Tamazawa, became director general of the Defense Agency, I felt that you were a director general who came into the job at a difficult time and would have to perfom a difficult role. On the other hand, however, I felt that you were the right man in the right post.

[Tamazawa] I am humbled.

[Miyazaki] In that sense, I would like to hear your opinion on security perspectives surrounding Japan and on the role the Self-Defense Forces must play to achieve our goals in this region.

[Tamazawa] For many people, it would have been unthinkable a decade ago, and even today it may be hard to understand how the Liberal Democratic Party [LDP] and the Social Democratic Party of Japan [SDPJ], which had opposed each other for the past 38 years on security issues, could form a coalition and take governmental power.

I often hear people make the criticism that the LDP formed the coalition with the SDPJ just because it wanted to take governmental power, that this is an illicitly-created union, and that we have neither policy nor ideology. But when the LDP, the SDPJ, and Sakigake [Harbinger] formed the governing coalition, we had clear policy discussions.

There are two central points. One is that we will pursue the peace and security of Japan by "maintaining the Self-Defense Forces and the U.S.-Japan Security Treaty." Another is that we "will press forward for arms reductions while endeavoring to carry out confidence-building activities with neighboring countries. It was in this way that we agreed on a security policy.

[Miyazaki] Right.

[Tamazawa] As I look at the situation since the inauguration of the Murayama cabinet, first we began with the positive position that we would adhere firmly to the U.S.-Japan Security Treaty.

Second, the Prime Minister made his intentions clear in the form of a statement that the "Self-Defense Forces are constitutional," and this was also adopted at an SDPJ convention. Moreover, as for disarming we have adopted the position that we are not going to disarm unilaterally. We will first work hard on confidence-building activities with neighboring countries, strengthen mutual understanding, and bring about a relationship of trust. Then we will promote disarmament for the protection of the peace.

[Miyazaki] I see.

Role Played by U.S.-Japan Security Structure

[Tamazawa] Because the Cold War era involving the big East and West camps has passed, the possibility of a world war has been lessened. But trouble stemming from regional disputes, ethnic conflicts, religious confrontation, and so on is still occuring in various places. Moreover, there are more possibilities in the future. In contrast to the Cold war era, because the framework of the East and West camps is gone, confrontations which had been suppressed under the Cold War structure have come to the surface or become more acute.

When we recognize this situation, we need the kind of defensive power to protect Japan's peace, whatever situation might arise.

[Miyazaki] Also the tense situation on the Korean Peninsula has not yet completely disappeared.

[Tamazawa] That is correct. [Also], the military budgets in China and in Southeast Asian countries are on the rise.

So, we are now re-examining the question of what kind of defense strength we should maintain to protect Japan. In Japan, our human resources will be decreasing, and the public finance situation is tight. But to raise the quality of our defense, we must make use of science and technology, and seek high quality and efficient defense strength. We must examine what needs to be changed. From such a posture, we are considering how to formulate our defense policy.

[Miyazaki] You said that it is necessary to stick firmly to the U.S.-Japan Security Treaty and to improve the relationship of trust between the United States and Japan. I fully agree. Could you expand on that point?

[Tamazawa] From the standpoint that "the best way to win is to reach your goal without fighting" as China's Mencius said, the role the U.S.-Japanese Security Treaty has played is very significant.

As we know, the U.S. forces have made a significant contribution to peace. I believe that the presence of the U.S. forces provides a great weight for Asian stability. I also believe that the Japanese contribution to peace in the region, through the U.S.-Japan Security Treaty and support of U.S. forces activities, will result in [greater] trust by East Asian countries' toward Japan and will play an important role in wiping away suspicion toward Japan. In the economic field, the U.S.-Japanese axis has made a great contribution. Even if there might be some individual future incidents of confrontation, in the broader sense I expect this [alliance] to play an important role for Asian countries.

[Miyazaki] On a related issue here. Self-Defense Forces' international peace and cooperation work has been going on in Cambodia, Mozambique, and Rwanda. Is is clear now that such international peace and cooperation work is to be an essential Self-Defence Forces' duty?

[Tamazawa] The essential duty of the Self-Defense Forces is to respond to direct and indirect aggression. But as for the international peace and cooperation work of the Self-Defense Forces, we will examine what it has achieved so far and must study what our future policy should be.

[Miyazaki] They have made real achievements already.

Incidentally, the question of "what our future defense capabilities should be" was discussed at the "meeting of the Defense Issues Discussion Group," which is the Prime Minister's private advisory group. Its report was released last August. Regarding the current state of Japan's defense capabilities, what is the position of the Defense Agency on the question of "what our future defense capabilities should be?"

What Our Future Defense Capabilities Should Be

[Tamazawa] This issue has been under discussion throughout the three cabinets of Hosokawa, Hata, and Murayama, and since I took over the agency, the prime minister has received the report.

The report is very full of suggestions as to what our defense should be and, at the same time, contains some difficult items for the Defense Agency. Those are, for example, such points as some portion of the fleet and numbers of aircraft should be reduced, and personnel strength should be re-examined. On the other hand, the Self-Defense Forces are given great tasks; to actively advance PKO work and, from a totally defensive standpoint, to obtain the capability to counter hostile missiles, and so on.

Such are the tasks we are given. As for the general direction the Defense Agency is to take concerning the issue of "what our defense should be," as the chairman of the agency's study group, I want to conclude our work within this fiscal year.

[Miyazaki] "What our defense should be" sounds very abstract. Does it include actual tactical action, military action, and so on?

[Tamazawa] For example, items such as the improvement of the intelligence and communications networks are included. If we are totally committed to a strictly defensive policy, we must be able to recognize which country having what intention would challenge Japan in a dispute.

In the hypothetical case that Japan is attacked, we must anticipate where that attack would be made. So, the Defense Agency has to stay on watch over Japan's territorial air, water, and land around the clock.

To build up such an immediate-response-in-an-emergency system, the improvement of high quality intelligence and of our communications network is necessary so the three branches of the Self-Defense Forces can cope immediately with the dispute.

[Miyazaki] You are absolutely right.

[Tamazawa] Sun Tzu said: "there is no set pattern for water, and there is no set position of affairs for the military." In other words, just as there is no one set pattern for the flow of water, the military should not only be strong, but should change its appearance and its form, and should be able to respond flexibly to the [prevailing] situation.

That is to say, not only ground or water, but ground, maritime, and air [forces] should deal with a situation by pursuing three dimensional and functional operations. For instance, in the past we felt the tension of the former Soviet Union's threat coming from North, but that has gradually lessened. We should adjust the course of our defense from a defensive posture which has stressed Hokkaido and the Soya and Tsugaru Channels to the kind of defense which is well balanced and is for the whole of Japan. At the same time, in the event that one part of Japan were to come under attack, we should be able to concentrate our response on that spot at any time.

At the same time, under the U.S.-Japan Security Treaty, the United States and Japan should cooperate and endeavor to produce defense results. Toward that end, a practical exercise for the entire ground, maritime, and air forces, which is conducted once every three years, was completed in November.

[Miyazaki] In the past, during the time of the Sato Cabinet, there was the "Three Arrows research" which became an issue. What do you think about that sort of thinking?

[Tamazawa] I feel that we should stick with the position of defense and study how we can protect the peace for Japan.

Self-Defense Forces Were Appreciated in Zaire

[Miyazaki] In that context, what do you think about "emergency legislation?"

[Tamazawa] Because we want to adhere to the position of the Defense-only, that would be useful for the efficient protection of Japan. I think we need to consolidate various Japanese legal issues and continue their examination.

[Miyazaki] I feel that in the past, there have been too many taboos concerning defense issues. I am worried that the taboos will increase in the future. What do you feel?

[Tamazawa] Those who opposed the PKO issue did so because they thought that if Japan were to send the Self-Defense Forces overseas, they might fight against other countries and might use arms. If that were to occur, it would be unconstitutional. The Self-Defense Forces might change their nature to become that sort of force. Such suspicion was at the basis of their opposition.

But the Self-Defense Forces carried out peacekeeping activities. I think the people's increased understanding raised their evaluation of the Self-Defense Forces.

[Miyazaki] There were also many disagreements on the issue of aircraft for rescuing Japanese who could be involved in disputes overseas.

[Tamazawa] Yes. Aircraft belonging to the government are supposed to be used for the transportation of Japanese overseas. But, because this is to be managed by the Self-Defense Forces, the opposition continued for two years and eight months, so that this could not be implemented. This, too, stemmed from the fear that if Self-Defense Forces aircraft are dispatched, we could become involved in a dispute and could end up being engaged in battle.

Actually, however, Japanese Self-Defense Forces have been dispatched to Cambodia and Mozambique as PKO forces and to Zaire and Kenya to aid the Rwandan refugees through provision of humanitarian aid. They are acquiring a reputation that there are no other troops more disciplined, self-controlled, and loyal to the pursuit of duty than they are. This indicates that the world has recognized the fact that they are totally committed to peacekeeping activities and to humanitarian rescue activities. Recently, the mayor of Goma, Zaire, happily praised them, saying the Japanese Self-Defense Forces' presence had a good influence on the maintenance of peace in the Goma area and "changed the atmosphere."

[Miyazaki] Is that right?

[Tamazawa] The people understand that the Japanese Self- Defense Forces are very well-disciplined and serve the people in that area. So the Zairean soldiers stand at attention and salute when the Japanese Self-Defense Forces vehicles pass by. If I dare say so, they have come to be respected.

It is proof that they are doing their best to keep the peace and to provide humanitarian aid. I think Prime Minister Murayama, who is familiar with this kind of profile of the Self-Defense Forces, has made the decision to dispatch them again this time.

[Miyazaki] You say they are possessed with such ideas, but recently, since the coalition government came into being, the trend to hold down the defense budget has been evident. And there seem to be many people who argue that such a course is right.

Under such circumstances, how are you going to handle the maintenance of the forces' training and improvement in the treatment of these troops who are gaining a good reputation internationally?

How To Respond to a Depressed Budget

[Tamazawa] As for the growth rate of the defense budget compared to preceeding fiscal years, it was 5.45 percent in 1991, 3.8 percent in 1992, 1.95 in 1993, 0.8 in 1994, and at parity with 1994 in 1995.

In Europe, [acquisition of] military equipment and [improvement of] management are progressing, but in Japan, when it comes to defense spending, about 80 percent of it has to be applied to obligatory expenses such as personnel expenditures.

[Miyazaki] True.

[Tamazawa] I want everybody to understand that point. Yet, we still had to try to shrink the budget, so we targeted every expense as a target for reduction, used our wits to the fullest, and came up with a budget that emphasized efficient and high quality defense capabilities.

On the other hand, to secure superior personnel and to raise the troops' morale, we attempted an over 10 percent increase in the improvement of daily-living related facilities and improvement of the troops' treatment. Also, we sought another 10 percent increase for research and development expenses.

[Miyazaki] A former Defense Agency director general once said: "It is a shame that we lack the bullets we fire so seldom." (laughter) I am not certain if this originated from inside the Defense Agency.

The bullet here has a symbolic meaning, and we should interpret it as the minimum necessary training. This is a real problem, and we should think about it separately from the budget issue....

[Tamazawa] You are right. We had to reduce somewhat education and training expenses, but it is hard to maintain the quality of the defense capability without training. So we will try our utmost to secure that [money].

[Miyazaki] I once visited a unit to observe Self-Defense Forces training.

[Tamazawa] Which unit?

[Miyazaki] It was a unit in Hokkaido. When I took a bath in evening, one soldier scrubbed my back.

[Tamazawa] Is that so?

[Miyazaki] We have the experience of being in the former military, and this came as a surprise. To begin with, in the former military, there were no such scenes. But the Self-Defense Force members said they wanted to scrub our backs as if we were their fathers or brothers who had come to visit.

I was surprised and impressed that they retained such human emotions. This could only have come from training. Do you also think there is new movement in such areas?

[Tamazawa] First, the Self-Defense Forces exist along side the Japanese people. If I may paraphrase Lincoln, it is the "Self-Defense Forces of the people, by the people, and for the people."

To protect Japan, they strive to achieve their purpose along side the people. To protect the lives and property of the Japanese people, they will risk their lives.

Therefore, his scrubbing your back was not done with any ulterior motive, but was simply an ordinary act.

Private Room for Small Numbers of Troops

[Miyazaki] Is there any opinion among SDF members on their treatment now?

[Tamazawa] I do not personally hear from them too often, but there is a mechanism to detect their voices.

[Miyazaki] What is their quarters' situation?

[Tamazawa] This is the era of a small number of children in a family, and people are used to having a room of their own at home. So we, too, are trying to provide as many private rooms for a small number of troops; usually two per room.

There is hardly any group living anymore like it was in the former military where three-tiered bunks were lined up in a barracks.

[Miyazaki] On that subject. When we were soldiers, there was absolutely no regard to our rights as citizens. What is the current situation as to their rights as citizens, their right to vote, and so on?

In some municipalities, there had been movements to deny their residency registeration and so on....

[Tamazawa] There have not been such incidents lately. Of course, they have the right to vote. But because they are public servants, they can not run for government office while they are on active duty.

[Miyazaki] At any rate, we should be aware that the present Self-Defense Forces are different from the old military. Naturally they should not be completely the same as civilians.

[Tamazawa] When the earthquake occured offshore east of Hokkaido, reconnaissance planes flew immediately. Self-Defense Forces personnel were the first to take on dangerous duties.

And during the night, they checked everything, even to see if fires had started. They were on guard duty around the clock.

That was just one example, but they are doing their best to achieve their mission without regard to danger.

[Miyazaki] There is a Chinese saying that "on the battlefield, one does not have to listen to the emperor's orders." In other words, there are cases of following one's own independent judgment. This was written in model orders such as the operational duty orders for the former army. How do you feel about this?

[Tamazawa] That is a difficult issue. If independent judgment is stressed too much, control by the leadership can be disrupted. For the Self-Defense Forces, in case of an emergency the Prime Minister gives the defensive mobilization order. It is unthinkable that individual units would take action based on independent judgment.

[Miyazaki] Next, regarding international peace and cooperation work some people say that the government decided to dispatch the Self-Defense Forces too hastily while ignoring the security situation there, for example, the circumstances of the Zairian soldiers and warnings from U.S. forces.

What can you say about this?

How Dispatch to Zaire Was Decided

[Tamazawa] The circumstances for the dispatch to Zaire are as follows: First, when the Rwandan refugee problem occured, a request for support was made to every country by the UNHCR (United Nations High Commissioner for Refugees).

Then, since it was Japan's first time, we needed to make a full investigation. So we sent a first and a second government survey team. Then, because the parties' understanding and cooperation were considered important, an investigation group which consisted of representatives from the three government parties went to the location.

Then, finally, after the results of the investigations were in, and after receiving a formal request from the UNHCR, the government made the decision.

[Miyazaki] I see.

[Tamazawa] This was basically humanitarian aid, refugee rescue aid; in plain terms, intended to save people. Yet, the argument had begun beforehand that the dispute over there was still continuing and we could run the risk of getting involved in the war by sending the Self-Defense Forces.

It is true that there was some apprehension that some who had belonged to the government forces had come out with the refugees, so they might again conduct a counterattack. So I flew to the United States right after the decision was made by the cabinet and held a U.S.-Japan defense chief's meeting.

At that time Secretary Perry said: "There are many difficult conditions, but it is to perform a valuable mission that the Japanese Self-Defense Forces are to go there. I also went there three weeks ago, but that was to assist in the divine [as published] mission. If Director General Tamazawa is planning to go, I want you to study the situation on the ground well."

[Miyazaki] Was that right?

[Tamazawa] Then, I quoted Kenji Miyazawa's words that "unless the whole world becomes happy, individual peace is not possible. So we, too, will go and help."

Then I flew to the location. My greatest concern was whether or not the former Rwandan Government troops had holed up with arms.

[Miyazaki] I understand.

[Tamazawa] To verify this situation, I visited the site accompanied by Zairian Defense Minister Moboa and Director Butor [names as transliterated] of the UNHCR office.

During the site inspection, they said that "they [former Rwandan Government troops] are completely disarmed. Therefore, there is no sign of another counterattack. As far as Zaire is concerned, we accept full responsibility."

Rather, the Zairian authorities' concern was stronger about what the Japanese Self-Defense Forces would do, arriving after the American, and French forces.

Then, I met and told President Mobutu that "we will be here to achieve four goals. They are "to treat the sick," "to [improve] hygiene," "to provide water to the refugees," and "to provide transportation to carry goods."

The president said "I appreciate the explanation. I understand it well now. The Zairian Government will be totally cooperative with the Japanese Self-Defense Forces activities for the next three months." Thus, safety secured, we were to engage in this work.

With Around-the-Clock "Emergency Response System"

[Miyazaki] According to television and newspaper reports, there seem to be all sorts of incidents there at night. Is there any worry that the Self-Defense Forces will be attacked?

[Tamazawa] Among the refugees, there are those who have firearms, and during the night, there have been incidents of food theft. But as for daytime activity, it is not likely that the Self-Defense Forces will be attacked as long as it is known that they are there to provide humanitarian aid.

[Miyazaki] There was an incident of a vehicle being attacked...

[Tamazawa] That was a minor disturbance. It happened when a driver who was in the employ of a nongovernmental organization [NGO] was using a car which was sold by a Rwandan without the owner's knowledge. The NGO was not attacked as the target of anger.

At any rate, we are doing all we can to provide humanitarian aid, and we are doing our job while taking utmost measures for safety.

[Miyazaki] If you limit your duty to achievement of the four goals you mentioned earlier, aren't the local people dissatisfied and wanting more?

[Tamazawa] Zaire is not a country concerned in the strife and is a sovereign nation, so it has the duty and right to protect its own sovereignity.

So, the troops who went there to give humanitarian aid are not supposed to take responsibility for policing and security problems. It would be a different matter if Zaire asked the United Nations for policing. But that is not the case. I want this to be understood correctly.

[Miyazaki] By the way, this is also a matter with too much misunderstanding and guessing. It is the question whether or not there was something lacking in the government system when North Korean President Kim Il-song died.

[Tamazawa] As for the immediate response to an emergency, in Japan's case, from the standpoint of civilian control, the prime minister and Defense Agency director general are responsible.

So when I heard the news that day, I immediately telephoned Chief Cabinet Secretary Igarashi, who was the acting prime minister, and obtained his understanding that, to prepare ourselves to respond to whatever might happen, I would concentrate our efforts in intelligence gathering.

And I directed the chairman of the Joint Staff Council and each chief of staff to "keep watch over the movement of the situation calmly and carefully. Take appropriate steps to gather intelligence so that no omission will occur for the defense of the country. Strengthen the concerned staff members' duty structure, so that communications will be made quickly and accurately, and make efforts for the collection and analysis of intelligence."

I had come to understand when I became the director general that the troops will not make any move unless I give the order. That is why I make my whereabouts known around the clock. When an emergency occurs and I am in an outlying area, I immediately come back to the Defense Agency and take command at the central command post.

The central command post is always staffed around the clock by officers of the Joint Staff Council who collect intelligence and provide an immediate response structure.

[Miyazaki] How did it go that time?

[Tamazawa] I received regular reports. But the North Korean forces did not make any unusual moves. So I made the judgment that we should calmly watch the development of the situation.

[Miyazaki] When Kim Il-song died, all sorts of intelligence came in, but most of it was far from the truth. The Defense Agency, too, had collected a lot of intelligence. Had it not?

[Tamazawa] Naturally, we have all kinds of functions.... We gathered all kinds of intelligence from the ground, sea, and air.

Anyway, the director general will come to the central command post whenever an incident occurs and, depending on the situation, is prepared to give orders to the troops throughout Japan. In other words, this is the "structure for immediate response in an emergency."

[Miyazaki] Finally, as for recent recruitment of Self-Defense Forces members, do you have problems recruiting?

[Tamazawa] No, no. Recruiting is not difficult. Rather, we almost have to worry about how to turn them down.

[Miyazaki] Really? I did not know that. Is it the influence of the recession?

[Tamazawa] That too, probably. But I think the fact that top quality personnel have been joining is the result of the changed perception of the Japanese people of the Self-Defense Forces, compared to a decade ago, and that they recognize the importance of the work.

Public Corporations Hire MOF Retirees

OW0602133795 Tokyo KYODO in English 1219 GMT 6 Feb 95

[FBIS Transcribed Text] Tokyo, Feb. 6 KYODO—Nearly one third of bureaucrats who retired from the Ministry of Finance [MOF] in 1994 went on to jobs at government-financed public corporations, a ministry report said Monday [6 February].

The report, submitted to the House of Representatives Budget Committee, said that of 31 officials above the rank of section chief who retired last year, 11 were hired by public corporations.

Seven were offered jobs at corporations under supervision of the Finance Ministry, such as the Japan Development Bank and the Central Bank for Commercial and Industrial Cooperatives, the report said.

It said others were hired by such corporations as Japan National Oil Corp. and Japan Highway Public Corp.

The report said that 16 to 19 Finance Ministry retirees have been hired by public corporations annually since 1990.

Streamlining of Public Corporations Stressed

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When the third ad hoc administrative reform panel was operating in the summer of 1993, ministries and agencies refused to cooperate in hearings on special corporation reform. This was because bureaucrats obtained the backing of Diet members interested in benefits from public financial institutes.

Under such circumstances, Finance Minister Masayoshi Takemura showed strong resolve to privatize the JDB as a touch stone to measure the quality and scale of special corporation reform. Since the JDB privatization has been regarded as the centerpiece of special corporation reform, the reform package is unlikely to appeal to the public without its centerpiece.

Bureaucrats have been showing their unwillingness to cooperate in the abolition or merger of special corporations. Last fall, ministries and agencies were criticized for their "no corporations for reform" answers in their interim reports. Nevertheless, they are still attempting to propose a nominal reduction through the merging of obviously outdated corporations.

Rationalization is meaningless if totally different corporations are merged without reforming duties and organization. As a result, proposals in the final draft reform package are being criticized as "mergers in name only" and "attempts to create two vice presidential posts in exchange for eliminating one presidential post."

The government and the ruling coalition must not forget the starting point of special corporation reform.

Financial condition is not the only concern of administrative reform. The main objective is to totally reorganize, revitalize, and rationalize the rigid and outdated administrative system so it can effectively function in the new age. In this sense, improvement of financial conditions should be regarded as a by-product of rationalization efforts.

The Murayama administration has started to deal with administrative reform according to the coalition parties' pledge to carry it out as a part of tax reform. This is why reform of special corporations which annually spend over 4 trillion yen from the national treasury has became an urgent task of Murayama-led administrative reform.

Special corporation reform is totally meaningless if it does not reduce government expenditures at all.

Of course, comprehensive streamlining cannot be carried out overnight. Immediate abolition, merger, or privatization would be difficult for some corporations. Even in that case, however, the government must hammer out definite plans for reforming those corporations on a long-term basis so the public can figure out prospects for year-by-year expenditure reduction by the government.

Regarding the administrative reform issue, Prime Minister Tomiichi Murayama stressed in his policy speech that he would reform special corporations with "political leadership" and "unyielding resolve." He should remember his pledge. As he promised his course of action in such clear and strong words, he must take responsibility if he fails to keep the promise.

It is not too late. He should show us what his "political leadership" consists of.

Shiozaki Warns of Capital Markets Hollowing Out

OW0702064495 Tokyo CHUO KORON in Japanese Feb 95 pp 60-69

[Article by Yasuhisa Shiozaki, Liberal Democratic Party member of the House of Representatives: "Japan Should Promptly Take Measures To Prevent a Hollowing Out of Its Capital Markets"]

[FBIS Translated Text] **The Problem We Are Now Confronted With**

One and a half years have passed since July 1993 when I was first elected to the House of Representatives. During this time, the long-pending issue of implementing political reform, which had been unresolved since the administration led by Toshiki Kaifu was in power, was finally settled following the enactment of a political reform package that included the introduction of a new electoral system of single-seat constituencies combined with proportional representation. However, it is no exaggeration to say that Japanese politics have fallen in public estimation, both at home and abroad, during the past 18 recovery. I agree the economic situation has become somewhat better than it was in 1993. However, the pace of economic recovery remains extremely slow. The real growth rate for fiscal 1994 should be around 1.0 percent. This will be the first time in its postwar history that Japan has registered such a low growth at the beginning of an expansionary phase.

Meanwhile, the economic climate is bright in the United States. The U.S. economy kept growing after it hit bottom at the beginning of 1991. The U.S. unemployment ratio is at its lowest level in recent years, while U.S. companies are realizing good profits. Economies are also booming in other countries of the Asia-Pacific region. Such Asian NIEs [newly industrialised economies] as South Korea, Taiwan, Hong Kong, and Singapore; the ASEAN nations; and China, which has a population of 1.2 billion, are enjoying days of high growth. These countries have entered a period of high growth such as that which Japan experienced in the past.

Southeast Asia also has a bright vision of the future. The year 2020 has become a key since the recent summit meeting of the Asia-Pacific Economic Cooperation [APEC] forum. APEC leaders pledged to free the region's trade and investment by the year 2020. Moreover, they also agreed to create a full-fledged international financial market in Shanghai by 2020. I have heard that Malaysian Prime Minister Mahathir Mohamed has three official vehicles—all bearing the plate number 2020. Asian nations are full of hope for the next century, while the future looks gloomy for many Japanese people who fear that their lifestyle will be considerably affected by higher social security burdens in the aging society of the 21st century.

Japan is the only nation having such a somber vision of the future. How can this be? Now is the time for Japan to draw on its resources in order to revive its economy. It cannot afford to eat the bread of idleness and to meet its decline calmly. This is why Japanese politicians are strongly requested to present a clear vision of Japan's future course. Those who are unable to come up with definite ideas are not cut out to be legislators. In my opinion, Japan's economic revival will considerably depend on whether or not Japan will be able to make its capital markets function effectively and briskly.

The Japanese Capital Markets Are Not Functioning Well

The pace of economic recovery remains slow, because private capital investment, which played the role of a locomotive in past recovery periods, is still stagnant. Some people say that capital investment is not recovering because the fierce competition between Japan and other Asian nations, and the high appreciation of the yen against the dollar, triggered a hollowing out of the Japanese manufacturing industry. However, capital investment also remains weak in the non-manufacturing sector which is not directly exposed to international competition. The potential capital spending of non-manufacturing industry is estimated to be double that of the manufacturing industry. Therefore, once non-manufacturing industry increases its capital investment, the national economy will certainly pick up.

The slow recovery of capital investment is partly caused by the fact that both lenders and borrowers have become exhausted following the end of the bubble economy. As land and stock prices dropped considerably with the collapse of the bubble economy, small and mid-size corporations ended up with little collateral. Therefore, they are unable to procure funds easily, even if they want to increase their capital investment. Meanwhile, banks which accumulated a substantial amount of non-performing loans in the aftermath of the bubble economy, have become reluctant to extend loans to risky businesses. Neither private capital investment nor bank loans will pick up under such circumstances. The United States also experienced a similar situation in the past. U.S. companies were saddled with debts, while U.S. banks were buried under a landslide of bad loans, after the urban renewal boom, the construction boom in resort areas, and the corporate merger and acquisition boom ended at the end of the 1980's. The U.S. economy hit bottom at the beginning of 1991, but remained sluggish for several months.

It took a favorable turn in the middle of 1992 when capital investment picked up suddenly, thanks to painful corporate restructuring which helped increase corporate earnings. Moreover, when the U.S. economy was in the recovery phase, U.S. companies were very active in equity financing in order to repay the outstanding loans they had contracted when interest rates were still high. Restructuring and equity financing were the two factors that supported the expansion of capital spending. Like U.S. companies, Japanese firms are now trying to promote restructuring. However, they remain idle in equity financing. They are not active in the listing of new stocks or the issuing of new shares.

In the United States, a huge number of new businesses went public in the past on the National Association of Securities Dealers Automated Quotations (NASDAQ) market. The rules on public offerings are much looser in the United States than in Japan. It takes new companies only five years on average to list on the NASDAQ market. There are even several instances in which new companies were able to go public on the NASDAQ within two or three years. Meanwhile, when we look at Japanese companies, we realize that it takes them as long as 30 years on average to go public on the Japanese market. Even new companies founded after 1965 had to wait about 20 years before going public. The real truth is that Japanese companies are less active than U.S. firms in equity financing, not because Japanese companies have no bright future, but simply because the Tokyo Stock Exchange listing standard, and the Japanese over-the-counter markets' rules on public offerings, are extremely tight.

Seven were offered jobs at corporations under supervision of the Finance Ministry, such as the Japan Development Bank and the Central Bank for Commercial and Industrial Cooperatives, the report said.

It said others were hired by such corporations as Japan National Oil Corp. and Japan Highway Public Corp.

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Rationalization is meaningless if totally different corporations are merged without reforming duties and organization. As a result, proposals in the final draft reform package are being criticized as "mergers in name only" and "attempts to create two vice presidential posts in exchange for eliminating one presidential post."

The government and the ruling coalition must not forget the starting point of special corporation reform. Financial condition is not the only concern of administrative reform. The main objective is to totally reorganize, revitalize, and rationalize the rigid and outdated administrative system so it can effectively function in the new age. In this sense, improvement of financial conditions should be regarded as a by-product of rationalization efforts.

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Regarding the administrative reform issue, Prime Minister Tomiichi Murayama stressed in his policy speech that he would reform special corporations with "political leadership" and "unyielding resolve." He should remember his pledge. As he promised his course of action in such clear and strong words, he must take responsibility if he fails to keep the promise.

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I strongly feel that Japan is currently standing at the most important crossroads in its postwar history, and has to decide what social and economic measures to take for the future. Many people are talking about the complete internationalization of Japanese society; about Japan's elderly population, which is increasing at an unprecedented pace; about the acceleration of deindustrialization caused by different factors, including the high appreciation of the yen against the dollar; and the downturn of potential economic growth. However, I do not think that Japanese politicians, or bureaucrats, are striving to formulate an accurate long-term policy based on a new vision, by grasping the correct significance of the above-mentioned problems. Every bureaucrat devotes himself to discharging his responsibilities within his own sphere of jurisdiction, while business leaders cannot but concentrate their energies on the survival of their own companies or their own industry. Therefore, politicians should endeavor to do what bureaucrats and business leaders cannot; namely, to pass fair judgment on each matter and to work out proper measures. Unfortunately, politicians' attention is now centered on how to seek reelection. For instance, each politician is struggling to become the officially ticketed candidate of a party in the next general election to be held under the single-seat constituency system. As for the New Frontier Party, which was virtually formed with the sole object of beating the Liberal Democratic Party [LDP], its members did nothing but put the cart before the horse. They tried to shape their political ideology only after they had decided to form a new party. Even politicians of great capacity are not performing their primary duties of guiding the public, by indicating Japan's future course. Many in the media call for politicians that have their own philosophy and their own vision of mid-and long-term policy. It is time for all politicians to reflect on their past conduct.

I once worked for the Bank of Japan and for the Economic Planning Agency. I also spent two years in the United States at the beginning of the 1980's, and I saw how U.S. Government officials, businessmen, and academic experts were anxious to improve U.S. industry's international competitiveness, and to regain national confidence, under the Reagan administration. Therefore, I strongly feel the necessity of freeing Japanese people's minds from anxiety about the future of their nation. I think that everything will be too late if nothing is done now, and that proper measures should be implemented before it is too late. U.S. industry recovered its energy, while such Asian countries as South Korea, Taiwan, and Singapore are making remarkable progress to catch up with advanced nations. Meanwhile, there is no sign of strong recovery of the Japanese industrial economy. Even if politicians and bureaucrats push for more public spending, a budget increase of more than 3 percent is not possible, because Japan's fiscal situation is becoming serious. There is no doubt that the development of advanced new technology and the creation of new businesses are indispensable, if Japan wants to maintain its lead over other nations and foster new frontier industries. Although the so-called "Science and Technology Program Outline" states that public expenditure in the field of science and technology will be doubled quickly, it will take Japan as long as nine years to attain this goal, even if a relatively high spending growth is achieved every year. Moreover, it will require about 40 years if Japan wants to increase its science and technology spending up to 1.0 percent of its gross national product, in the same way as other G-7 nations. An improvement of the situation cannot be expected, as long as ridiculous fiscal regulations are maintained. For instance, under existing rules, construction bonds can be used for construction of buildings related to science and technology, but not for the purchase of equipment, such as computers. Moreover, Japanese industry will be locked in a vicious circle as long as the banking system is devoid of flexibility. Under such circumstances, Japan may possibly suffer many defeats vis-a-vis other nations in the long run.

Japan's postwar economy has been supported by the ample influx of money into banking institutions. However, the flow of money toward banks has decreased considerably, while demand for bank loans remains weak. Meanwhile, there is a growing flow of money toward postal savings accounts, insurance, and pensions. The big problem is that these funds are not utilized effectively for the promotion of frontier projects or for companies willing to open up a new field in industry.

Japan should use these ample funds to place its industrial economy on a new firm basis, before it becomes the world's most aged society, and while its private savings rate is still high. Japan should also utilize these funds outside Japan for the sake of developing countries. There is an urgent need to work out measures to carry out these objects. The issues—which are pointed out by many experts—of preventing a hollowing out of the financial sector and of invigorating the capital markets, do not affect only the banking industry but the entire nation. I believe this issue should be treated as part of the national strategy.

The Pace of Economic Recovery Remains Quite Slow in Japan, While Economic Activities Are Developing in Other Nations

Almost six months have passed since the Bank of Japan announced that the national economy was on the road to recovery. I agree the economic situation has become somewhat better than it was in 1993. However, the pace of economic recovery remains extremely slow. The real growth rate for fiscal 1994 should be around 1.0 percent. This will be the first time in its postwar history that Japan has registered such a low growth at the beginning of an expansionary phase.

Meanwhile, the economic climate is bright in the United States. The U.S. economy kept growing after it hit bottom at the beginning of 1991. The U.S. unemployment ratio is at its lowest level in recent years, while U.S. companies are realizing good profits. Economies are also booming in other countries of the Asia-Pacific region. Such Asian NIEs [newly industrialised economies] as South Korea, Taiwan, Hong Kong, and Singapore; the ASEAN nations; and China, which has a population of 1.2 billion, are enjoying days of high growth. These countries have entered a period of high growth such as that which Japan experienced in the past.

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The slow recovery of capital investment is partly caused by the fact that both lenders and borrowers have become exhausted following the end of the bubble economy. As land and stock prices dropped considerably with the collapse of the bubble economy, small and mid-size corporations ended up with little collateral. Therefore, they are unable to procure funds easily, even if they want to increase their capital investment. Meanwhile, banks which accumulated a substantial amount of non-performing loans in the aftermath of the bubble economy, have become reluctant to extend loans to risky businesses. Neither private capital investment nor bank loans will pick up under such circumstances. The United States also experienced a similar situation in the past. U.S. companies were saddled with debts, while U.S. banks were buried under a landslide of bad loans, after the urban renewal boom, the construction boom in resort areas, and the corporate merger and acquisition boom ended at the end of the 1980's. The U.S. economy hit bottom at the beginning of 1991, but remained sluggish for several months.

It took a favorable turn in the middle of 1992 when capital investment picked up suddenly, thanks to painful corporate restructuring which helped increase corporate earnings. Moreover, when the U.S. economy was in the recovery phase, U.S. companies were very active in equity financing in order to repay the outstanding loans they had contracted when interest rates were still high. Restructuring and equity financing were the two factors that supported the expansion of capital spending. Like U.S. companies, Japanese firms are now trying to promote restructuring. However, they remain idle in equity financing. They are not active in the listing of new stocks or the issuing of new shares.

In the United States, a huge number of new businesses went public in the past on the National Association of Securities Dealers Automated Quotations (NASDAQ) market. The rules on public offerings are much looser in the United States than in Japan. It takes new companies only five years on average to list on the NASDAQ market. There are even several instances in which new companies were able to go public on the NASDAQ within two or three years. Meanwhile, when we look at Japanese companies, we realize that it takes them as long as 30 years on average to go public on the Japanese market. Even new companies founded after 1965 had to wait about 20 years before going public. The real truth is that Japanese companies are less active than U.S. firms in equity financing, not because Japanese companies have no bright future, but simply because the Tokyo Stock Exchange listing standard, and the Japanese over-the-counter markets' rules on public offerings, are extremely tight.

domestic capital markets since the latter half of the 1980's, based on the view that information-gathering through financial activities serves the best interests of the nation. For instance, Germany abolished the exchange tax in 1991 and the promissory note tax in 1992, in a bid to stimulate financial dealings. France prolonged the trading session at the Paris Bourse while improving the dealing system. Britain, which has been striving to maintain London's position as the financial center of Europe, abolished the stock transfer tax in 1993. European central banks are now restructuring the system for fund settlements.

Meanwhile, the U.S. Federal Reserve Board, which has carefully been watching the development of the European capital markets and the rise of Asian economies, adopted a drastic measure in 1994. It announced that the opening time of the Fedwire system will be moved up by eight hours, starting in 1997. The Fedwire system, which handles the settlement of big accounts, now opens at 0830 in the morning in New York. If the Fedwire opens at 0030, that is to say, at 0530 London time, 0630 Frankfurt time, and 1430 Tokyo time, people will be able to settle dollar accounts in New York while banks are still open in Europe, Japan, and other Asian nations.

The U.S. dollar currently holds a considerable share on the foreign exchange markets. For instance, when people want to sell German marks to buy Japanese yen, they often buy U.S. dollars first, in order to buy Japanese yen later. The U.S. currency serves as a medium in many transactions. However, direct trading between European and Asian currencies may become possible once the European central banks finish improving the European capital markets, and once Asian nations gather further economic strength. If such becomes the case, the U.S. dollar's position as a world currency will deteriorate, bringing about a possible decline of the New York financial center. Seen from a geopolitical viewpoint, the U.S. interests will inevitably be affected once Asia's rising economic power is wedded to Europe's money power. But, since the settlement of dollar accounts will become possible in New York during Asia's business hours, thanks to the prolongation of the Fedwire system's operational hours, the U.S. currency will probably maintain its current position vis-a-vis Asian currencies. The prolongation of the Fedwire's operational hours looks like a mere technical matter at first sight. However, behind this decision lies an elaborate strategy of a nation that is striving to maintain its leadership on the international capital market.

Now, let us turn our eyes to Japan. Financial problems are also hotly debated in Japan. However, everyone is content to discuss issues peculiar to the Japanese financial community from a very domestic and short-term viewpoint. For instance, as Japanese city banks were recently authorized to open securities subsidiaries, people are now discussing whether the Ministry of Finance should take up the cause of the pre-existing securities companies or take the side of the new entrants. They are also arguing about who will bear how much burden through the process of liquidating nonperforming assets held by major banks. Unfortunately, there is absolutely no argument made from the viewpoint of national interest. So, when I watch what is going on in the United States and Europe, I increasingly feel the necessity of recognizing the strategical importance of improving Japan's capital markets.

Prescription for Invigorating Japan's Capital Markets

What should be done in order to promote the domestic capital markets? First of all, banks should promptly settle the bad-loan problem in order to recover their faculty to develop risk capital through extension of bank loans. However, there is no miraculous solution for that. Banks cannot but solve their question step-by-step. However, since a quick economic recovery is needed, other measures should be implemented, while banks make efforts to solve their bad-loan issue.

First, I propose improvement of the infrastructures peculiar to the capital markets, namely fiscal laws and regulations, and the taxation system. For instance, Japan still charges a securities trading tax, a stamp duty, and an exchange tax on financial dealings. These kinds of tax have never been imposed on financial dealings in the United States, while they were abolished in Britain and Germany, as I mentioned earlier. Japan should immediately abolish them as well. Those who are against their abolition should prove that these taxes are indeed reasonable, as they do not exist in other G-7 nations.

The argument that these taxes cannot be abolished because of a lack of alternative sources of revenue, misses the mark, since it does not take the taxation system itself into consideration. The current trading tax should be abolished promptly, as long as it does not square with the international situation, and as long as it acts against the best interests of the nation. The question of finding another source of revenue should be resolved through the process of budget compilation.

Second, I propose that Japan improve and expand its information infrastructures. The huge amount of money spent by the financial industry for information processing clearly shows that this industry is indeed information-intensive. In 1993, Japanese banks and securities companies spent as much as 25 percent of the total amount of money invested by Japanese industry for information processing and software development according to statistics released by the Ministry of International Trade and Industry. Improvement of infrastructures, such as communication networks, and information- processing facilities and equipment, is indispensable for the development of the financial sector. Even seen from the viewpoint of the national economy, the government should give priority to the development of social infrastructures in order to prepare for the information era. There is absolutely no need to limit public works spending to the construction of harbor facilities or the extension of the shinkansen bullet train

Such regulations are impeding the effective use of ample funds collected through pensions, life insurance, and postal savings, for reviving the national economy. For instance, about 12 percent of Japanese stocks are held by life insurance companies. However, although venture businesses are the support and driving force of future economic growth, life insurance companies' investment in such businesses amounts to less than 1.0 percent of their equity investment. Even if they want to invest in unissued stocks, they cannot because Japan has not yet established a system for that.

Japan Should Increase Risk Capital

What should Japan do in order to stimulate private capital investment? For instance, when a new company wants to go public on the NASDAQ market, its eligibility is judged by its degree of disclosure. This is because, in the United States, investors are supposed to invest money at their own risk. Meanwhile, Japanese regulations rather make a great point of providing protection to investors. Japanese companies cannot go public on a Japanese over-the-counter market until their profits reach a certain level. But what does "protection" mean when we speak of stock investment? To begin with, people invest in stocks because they know that risky investments yield higher returns. If they need guarantees, they would rather deposit money in banks or buy national bonds. Despite these realities, Japan continues to judge the eligibility of a company by its business performance, in order to minimize the risk borne by investors. Under such conditions, it is not possible to increase risk capital in the true sense of the term. As a matter of course, fraudulent or unfair practices deserve punishment. Therefore, a strict disclosure system should be implemented, while the capital markets should be under close surveillance. However, there is no need to judge the eligibility of a company by its business performance.

Why do Japanese people have a tendency to immediately cry for protection of investors? Why do they always try to have recourse to regulations? Politicians and news media are partly responsible for this. Each time a scandal related to stock dealings is exposed, the media always turn their attack against the competent authorities, namely the Ministry of Finance. Echoing the press, legislators always did nothing but severely criticize the bureaucrats in the Diet, without looking into the matter thoroughly and without calling the true nature of the scandal into question. The tendency to seek protection through regulations grew under such a social climate. Buying stocks or investing in a stock investment trust means that nothing is guaranteed, while a change in prices is inevitable. Maybe it is not good to give an illustration from gambling, but dealing in stocks is quite similar to playing the races or playing pinball: everyone knows you cannot win all the time. Despite that, politicians, as well as the public, have been crying for protection of investors. Therefore, if Japan wants to increase the supply of risk capital, it should make people change their minds.

Information-Gathering Ability Will Become Decisive

The revival of Japan's capital markets is very important, not only from the short-term viewpoint of stimulating the national economy, but also from the long-term viewpoint. In my opinion, Japan should find the means to promptly gather information from all over the world, and to analyze the obtained materials in an effective way if it wants to further develop its economy for the 21st century. Moreover, I believe the financial industry is inseparably related to information-gathering.

Japan developed into a world supply center of manufactured goods after World War II. During the catch-up period, Japan manufactured products in large quantities and at low cost in order to export them throughout the world, while importing technological know-how from Western countries. However, this period is now over. Moreover, some countries that in the past were isolated from the world market economy, such as China and the former Communist nations of Eastern Europe, have come to play an important role in the international economic market since the end of the Cold War. As a result, Japan is losing its competitive power in the field of labor-intensive industries. It was only natural for Japanese manufacturers to transfer their technology to other countries, and to switch to overseas production.

What will then remain in Japan? Which industry will further develop in Japan? The financial sector holds the key to the solution of these questions. The object of the financial industry is to gather and analyze information related to money-making. Information is now transmitted from one point to another in a very short time, as technology innovation is occurring everywhere in the world, and since communication means have improved considerably. If Japan wants to survive in a highly competitive economic world it should gather information as soon as possible, and as much as possible. It should then analyze the materials obtained and synthesize the results. Information gathering and information analysis are now decisive.

Seen from a strategic point of view, it is important for a nation to have a financial center that functions well inside its territory. For instance, when a security company agrees to become the managing debenture underwriter of a company, it gathers various kinds of information, ranging from microeconomic data to macroeconomic forecasts. When banks extend loans to a foreign governmental agency, they naturally analyze the international political situation before doing so. In this way, what is happening in the world is reflected in the financial business. Therefore, it is very significant for a nation to secure a financial center that is capable of gathering information as quickly as possible and make an accurate analysis.

The Competition Between Various Financial Centers of the World

In other G-7 nations, the governments and the central banks have been making every effort to develop their domestic capital markets since the latter half of the 1980's, based on the view that information-gathering through financial activities serves the best interests of the nation. For instance, Germany abolished the exchange tax in 1991 and the promissory note tax in 1992, in a bid to stimulate financial dealings. France prolonged the trading session at the Paris Bourse while improving the dealing system. Britain, which has been striving to maintain London's position as the financial center of Europe, abolished the stock transfer tax in 1993. European central banks are now restructuring the system for fund settlements.

Meanwhile, the U.S. Federal Reserve Board, which has carefully been watching the development of the European capital markets and the rise of Asian economies, adopted a drastic measure in 1994. It announced that the opening time of the Fedwire system will be moved up by eight hours, starting in 1997. The Fedwire system, which handles the settlement of big accounts, now opens at 0830 in the morning in New York. If the Fedwire opens at 0030, that is to say, at 0530 London time, 0630 Frankfurt time, and 1430 Tokyo time, people will be able to settle dollar accounts in New York while banks are still open in Europe, Japan, and other Asian nations.

The U.S. dollar currently holds a considerable share on the foreign exchange markets. For instance, when people want to sell German marks to buy Japanese yen, they often buy U.S. dollars first, in order to buy Japanese yen later. The U.S. currency serves as a medium in many transactions. However, direct trading between European and Asian currencies may become possible once the European central banks finish improving the European capital markets, and once Asian nations gather further economic strength. If such becomes the case, the U.S. dollar's position as a world currency will deteriorate, bringing about a possible decline of the New York financial center. Seen from a geopolitical viewpoint, the U.S. interests will inevitably be affected once Asia's rising economic power is wedded to Europe's money power. But, since the settlement of dollar accounts will become possible in New York during Asia's business hours, thanks to the prolongation of the Fedwire system's operational hours, the U.S. currency will probably maintain its current position vis-a-vis Asian currencies. The prolongation of the Fedwire's operational hours looks like a mere technical matter at first sight. However, behind this decision lies an elaborate strategy of a nation that is striving to maintain its leadership on the international capital market.

Now, let us turn our eyes to Japan. Financial problems are also hotly debated in Japan. However, everyone is content to discuss issues peculiar to the Japanese financial community from a very domestic and short-term viewpoint. For instance, as Japanese city banks were recently authorized to open securities subsidiaries, people are now discussing whether the Ministry of Finance should take up the cause of the pre-existing securities companies or take the side of the new entrants. They are also arguing about who will bear how much burden through the process of liquidating nonperforming assets held by major banks. Unfortunately, there is absolutely no argument made from the viewpoint of national interest. So, when I watch what is going on in the United States and Europe, I increasingly feel the necessity of recognizing the strategical importance of improving Japan's capital markets.

Prescription for Invigorating Japan's Capital Markets

What should be done in order to promote the domestic capital markets? First of all, banks should promptly settle the bad-loan problem in order to recover their faculty to develop risk capital through extension of bank loans. However, there is no miraculous solution for that. Banks cannot but solve their question step-by-step. However, since a quick economic recovery is needed, other measures should be implemented, while banks make efforts to solve their bad-loan issue.

First, I propose improvement of the infrastructures peculiar to the capital markets, namely fiscal laws and regulations, and the taxation system. For instance, Japan still charges a securities trading tax, a stamp duty, and an exchange tax on financial dealings. These kinds of tax have never been imposed on financial dealings in the United States, while they were abolished in Britain and Germany, as I mentioned earlier. Japan should immediately abolish them as well. Those who are against their abolition should prove that these taxes are indeed reasonable, as they do not exist in other G-7 nations.

The argument that these taxes cannot be abolished because of a lack of alternative sources of revenue, misses the mark, since it does not take the taxation system itself into consideration. The current trading tax should be abolished promptly, as long as it does not square with the international situation, and as long as it acts against the best interests of the nation. The question of finding another source of revenue should be resolved through the process of budget compilation.

Second, I propose that Japan improve and expand its information infrastructures. The huge amount of money spent by the financial industry for information processing clearly shows that this industry is indeed information-intensive. In 1993, Japanese banks and securities companies spent as much as 25 percent of the total amount of money invested by Japanese industry for information processing and software development according to statistics released by the Ministry of International Trade and Industry. Improvement of infrastructures, such as communication networks, and information- processing facilities and equipment, is indispensable for the development of the financial sector. Even seen from the viewpoint of the national economy, the government should give priority to the development of social infrastructures in order to prepare for the information era. There is absolutely no need to limit public works spending to the construction of harbor facilities or the extension of the shinkansen bullet train network. As soon as he took office in 1993, U.S. Vice President Al Gore unveiled his concept of creating an information superhighway network throughout the United States because he was fully aware that information will decide the economic power of a nation in the 21st century. The United States also plans to expand its information superhighway network abroad. However, it has chosen Singapore, not Tokyo, as the center of its Asian network, because Japan is said to be behind Singapore in the construction of communications and information infrastructures, and because it has too many complicated regulations.

The fact is that an "information exodus" has already begun in Tokyo. In recent years, several U.S. and European banks have transferred their computer centers from Tokyo to Singapore or Hong Kong. Financial dealings are now conducted around the clock because major banks have already set up a global information network linking Asia, America, and Europe. Because of this, communication centers are moving from Tokyo to another Asian city so that Tokyo is becoming a mere local station in Asia.

Some people might say, "So, what is wrong with this?" But, there are many advantages to making an information center of a city, because the concept of "economies of scale" applies to this case. If Singapore becomes the center of Asia, information sent from all over the world will be first accumulated in Singapore, and only necessary materials will be redispatched to Tokyo. Consequently, Tokyo will be one step behind other nations. In order to avoid such a situation, it is indispensable for Japan to promote the development of its information infrastructure.

Lastly, I propose prompt revision of concerned regulations. As I said earlier, Japan should immediately revise its rules concerning stock issue, in order to increase risk capital. The same thing can be said for the rules concerning corporate bonds and debentures. Prompt and clear-cut administrative guidance is also needed in order to revive capital markets. As the financial industry is information-intensive, everything should be handled quickly and properly. However, even if banks develop new financial products, they are not certain to get the immediate approval of the Ministry of Finance under the existing circumstances. This situation should be changed immediately.

Japan Should Bring Its Advantage Into Full Play in Order To Invigorate Capital Markets

A hollowing out of the capital markets has already begun in Japan. There is even a pessimistic view that nothing can stop this trend. It is true that the volume of transactions and the amount of issued stocks have been decreasing considerably during the past few years. Many foreign companies have also delisted from the Tokyo Stock Exchange. However, we should regard this downward trend with some reservation because the domestic markets were also seriously affected by the bursting of the bubble economy. What is more important is the fact that when Japanese companies want to procure funds through equity financing, they prefer to use overseas markets even if the money is financed by Japanese investors after all. Another important fact is that active Asian companies prefer to list on the New York Stock Exchange rather than on the Tokyo Stock Exchange. This is only one instance illustrating the inability of Japanese capital markets to gather important information.

Moreover, foreign banks and securities companies are shifting from Tokyo to Singapore for swap transactions and derivative transactions. This tendency also illustrates a hollowing out of the Japanese markets. Even some Japanese banks and securities companies are moving their transactions to Singapore or Hong Kong.

The other day, I had the chance to meet a Japanese financial expert specializing in the development of new derivative products. I heard a sad story that there are only five developers of derivative products in Tokyo. And what was more shocking is that the person whom I spoke with was moving to Hong Kong! This financial exodus is also reflected in the volume of transactions on the overseas foreign exchange markets. Once every three years, the Bank of International Settlements conducts a survey of the transactions on different foreign exchange markets. Many experts say that Tokyo might be surpassed by Singapore in the survey to be released in the middle of 1995. In any case, when we think of the merits of information-gathering, it is obvious that Japan should promptly take measures to revive its capital markets.

Unfortunately, the gravity of the situation is not fully recognized by the competent authorities, namely the Ministry of Finance. I asked the ministry's view about a hollowing out of the capital markets at the Lower House Finance Committee meeting in May 1994. Concerning derivative transactions, the ministry replied that the Japanese market had almost reached full growth, while other Asian markets were still immature. Perhaps it could not say otherwise because it is responsible for this problem. However, if Finance Ministry officials really think that other Asian markets are still far behind the Japanese market, it may safely be said that they have a too optimistic view of the situation.

I know there are many discouraging factors. However, Japanese capital markets still have many advantages over other markets. Therefore, the development of Japanese capital markets is still quite within the bounds of possibility, if only my three-point proposal is implemented. Japan's first advantage is that it has a huge amount of private savings. In Japan there are a great number of depositors providing financial resources for loans and investments. Japan's capital markets should know the most about Japanese savings. Japanese market traders should know the most about Japanese investors' reaction to the change in interest rates and their tolerance for risk-taking. Historically, London grew into a world financial center when Britain was in a state of oversaving and when British investors were very active. The same thing applies for New York. The word "oversaving" can be interchanged with "current account surplus."

As a matter of course, a domestic market does not always develop into a world market, even if the pertinent country has a current account surplus. For instance, oil exporting countries had huge surpluses during the oil shock period, but their capital markets did not develop considerably. The domestic market failed to make remarkable progress, even in Germany which was a surplus country coping with Japan in the 1970's and 1980's. It was quite normal that the development of the domestic market was not promoted in the Arabian countries, because large deposits and savings were limited to members of the royal families. As for Germany, banks gathered strength through the 1970's and the 1980's, but the domestic market failed to develop into a world market, probably because at that time no one felt the necessity to implement measures to improve their domestic market. However, as I said earlier, the German authorities began in the early 1990's to help develop the domestic market, because they recognized anew the influence exerted by the financial industry's information-gathering activities on national economic growth.

As Japan's aging population is growing rapidly, no one can ensure that Japan will continue to be in a state of oversaving. Therefore, the government should give priority to the development of capital markets before the advantage of the Japanese economy disappears. As a short-term effect, measures aimed at stimulating capital markets will accelerate the pace of economic recovery. In the long run, they will become the key to preventing the deindustrialization of Japan. Moreover, Japan will be able to smoothly supply its ample funds to rising Asian economies and contribute its share to the international community.

The question of stimulating Japan's capital markets should also be studied with a view to the international movement to standardize business rules in the post-Cold War era. The successful conclusion of the Uruguay Round of trade liberalization talks, which faced rough going for many years, paved the way for the creation of a new world trade system—the World Trade Organization—to succeed the General Agreement on Tariffs and Trade. The new treaty is the fruit of G-7 nations' efforts to establish a new global framework, in concert with developing Asian nations. There is also a movement afoot to integrate the former communist nations, which are still in a state of disorder, into the new global entity. If the attempt fails, the possibility of the former communist bloc again becoming a menace to the Free World will remain. Therefore, Japan should take the leadership in helping these nations join the new international system. This means that Japan should no longer stick to its own rules that are applicable only inside Japan. As a matter of course, the development of Japan's capital markets should also be promoted in line with this international trend.

Technical Tests Planned for 'Monju' Reactor

OW0702145995 Tokyo ASAHI SHIMBUN in Japanese 7 Feb 95 Morning Edition p 2

[FBIS Translated Text] On 6 February the Power Reactor and Nuclear Fuel Development Corporation (Donen) announced its plan to conduct starting tests for its prototype fast breeder reactor "Monju" starting from 17 February. The reactor, located in Tsuruga City, Fukui Prefecture, is capable of generating 280,000 kilowatts of electricity. In preparing to start the full-scale operation in December this year, the nuclear reactor will generate electricity by increasing its output. Various tests will be carried out.

In April 1994, "Monju" reached its critical stage—in which a series of nuclear fission occur in succession—for the first time. After that, reactivity of its control rods and power range were studied.

North Korea

Clinton Meets With Religious Delegation Head

SK0602223995 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 6 Feb 95

[FBIS Translated Text] U.S. President Clinton met and talked with Chang Chae-chol, chairman of the Central Committee of the Korean Roman Catholics Association and head of the delegation of our country's religionists and scholars who participated in the U.S. Congressional National Prayer Breakfast at the invitation of the U.S. Billy Graham Missionary Society (?on 2 February).

The president asked the delegation head to convey his greetings [chasini ollinun insa] to his excellency Kim Chong-il.

The president also expressed the hope that relations between the two countries would improve through the process of implementation of the DPRK-U.S. framework agreement reached between the DPRK and the United States of America.

Also on hand at the meeting were U.S. Vice President Albert Gore; U.S. religious leader Pastor Billy Graham; and Hamilton, chairman of the Foreign Affairs Committee of the U.S. House of Representatives.

In the meantime, U.S. religious leader Pastor Billy Graham met with the delegation on 30 January.

Pastor Billy Graham asked the delegation head to convey his heartfelt greetings to the dear leader Mr. Kim Chong-il [chinaehanun chidoja kim chong-il sonsaengnim]. Graham said: In recent days, he used to recall with deep emotion the time when he was received by the great leader his excellency President Kim Il- song when he visited the DPRK.

Graham stressed that he would continuously make efforts for the understanding and reconciliation [ihaewa hwamok] between the two countries.

KCNA Reports on Meeting

SK0702102995 Pyongyang KCNA in English 1017 GMT 7 Feb 95

["U.S. President Meets DPRK Religionist"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—U.S. President Bill Clinton on February 2 met and conversed with Chang Chae-chol, chairman of the Central Committee of the Korean Roman Catholics Association who is heading a DPRK delegation of religionists and scholars, when it was participating in a national breakfast prayer session hosted by the U.S. Congress at the invitation of the Billy Graham Evangelistic Association of the United States.

He asked Chang to convey his greetings to His Excellency Kim Chong-il.

He also expressed the hope that the bilateral relations between the two countries will be improved through the implementation of the framework agreement adopted between the Democratic People's Republic of Korea and the United States of America.

Vice-president Albert Gore, the Rev. Billy Graham who is the leader of American religionists, and chairman of the Foreign Affairs Committee of the House of Representatives Lee Hamilton were on hand.

On January 30 the Rev. Billy Graham met the delegation.

He asked the delegation to convey his heartfelt greetings to the dear leader Mr. Kim Chong-il.

Noting that he was often looking back with deep emotions on the time when he was received by his excellency the great leader President Kim Il-song during his visit to Korea, he said he would continue making efforts for understanding and harmony between the two countries.

Organizations Send Letters to ROK for Contacts

SK0702045495 Pyongyang KCNA in English 0446 GMT 7 Feb 95

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—Chong Tu-hwan, presidium member of the Central Committee of the Democratic Front for the Reunification of the Fatherland, Chu Song-il, chairman of the Central Committee of the General Federation of Trade Unions of Korea, Choe Song-suk, chairperson of the Central Committee of the Union of Agricultural Working People of Korea, and Pak Myong-chol, chairman of the Korean Student Committee, on February 6 sent letters respectively to Chon Yong-se and Yun Yong-kyu, co-chairmen of the National Alliance for Democracy and Reunification of South Korea, Yang Kyu-hon, chairman of the National Council of Trade Unions of South Korea, Yun Chong-sik, chairman of the National Federation of Peasants Associations of South Korea, and Chong Se-hong, acting chairman of the South Korean Federation of General Student Councils, as regards a recent joint meeting of the political parties and organisations of the Democratic People's Republic of Korea.

Recalling that the fellow countrymen earnestly hope that a new epochal phase of national unity and the reunification of the country will be opened on August 15 this year, 50 years after the division of the nation, the letters proposed to have contacts between representatives of different organisations in the North and the South in Panmunjom or other convenient places at an early date.

Believing that officials of different organisations of South Korea who have devoted their all for independence, democracy and reunification will take an active part in jointly celebrating the August 15 liberation and convening a grand national conference, the letters hoped for a response to the proposal for contacts.

ROK's Call for Joint Talks 'Unreasonable'

SK0702051495 Pyongyang KCNA in English 0502 GMT 7 Feb 95

["Obtrusive Act"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—The "minister of National Unification Board" of South Korea at a press conference released a "statement toward the North" urging "meetings of separated families" and travel of South Korean businessmen through Panmunjon during the Pyongyang International Sports and Cultural Festival for Peace scheduled in April and proposing "talks between high-level authorities" as regards this matter.

Branding this offer as an unreasonable and impudent act, a MINJU CHOSON analyst today says:

The Pyongyang festival which will be held amid great expectation and interests at home and abroad is, indeed, a historical international function for peace. The North, the sponsor of the festival, will decide on who should be invited and allowed to participate in the festival. Nevertheless, the South Korean authorities who have nothing to do with the festival are trying to poke their nose into it, crying for "meetings of separated families" and so forth. Such act can be done only by those who do not know their position.

The "minister of National Unification Board" demanded "meetings of separated families" not because he is interested in the solution of the matter. It was nothing but a honeyed word to win popular sentiments.

He did not utter a word about the repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners born in the northern half of the country.

If the South Korean authorities want to do something as regards the inter-Korean relations, they must not make impudent utterances, but stop obstructing the realisation of the proposal for holding a grand reunification festival and a grand national conference on the occasion of the 50th anniversary of the liberation of the country which was put forward at a joint meeting of the political parties and public organisations of the North.

No less impudent is their proposal in the "statement toward the North" for "talks between high-level authorities" of both sides. It is the South Korean authorities who drove the inter-Korean relations, which had been developing in favour of dialogue and reunification on the threshold of north-south summit talks last year, to the worst phase of confrontation by committing rude provocations over the misfortunes of the dialogue partner, instead of expressing condolences. It is useless to talk about "participation", "travel" and talks, refusing to apologize to the nation for their anti-national, anti-ethical crimes and leaving the "national security law" as it is.

The fervor of the fellow countrymen for reunification is rising to a higher tide this year in which falls the 50th anniversary of the liberation of the country.

Fearful of this, the Kim Yong-sam group invented a "statement toward the north" in a bid to mislead the opinion at home and abroad, conceal its splittist nature and extricate itself from the dilemma. But this is a foolish act.

Sweden Urged Not To Sell Weapons to ROK

SK0602153595 Pyongyang KCNA in English 1514 GMT 6 Feb 95

["Sweden Must Not Be Hypnotised by Others"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 6 (KCNA)—The Swedish Government permitted domestic munitions factories to sell tanks, armored vehicles and other military hardware to South Korea, according to a recent issue of a Swedish magazine.

And the South Korean puppets are reportedly (?dreaming of a bargain) to purchase from Sweden submarines of various types and other underwater military equipment and large-calibre artillery pieces.

If this is true, this is a very dangerous criminal act which arouses our concern. The arms deals between Sweden and the South Korean puppets will aggravate North-South confrontation and render the military situation on the Korean peninsula more strained.

At a time when the Democratic People's Republic of Korea is making sincere efforts to turn the situation of the Korean peninsula to detente by honestly implementing the framework agreement between the DPRK and the United States, they are engaged in arms deals, threatening the DPRK. This is a never-to-be-condoned act in every respect.

As everyone knows, Sweden, member nation of the Neutral Nations Supervisory Commission (NNSC), is obliged to supervise the introduction of weapons into Korea from outside with a view to preserving peace and security of the peninsula. Far from discharging its obligation, however, Sweden intends to sell weapons to South Korea. We cannot but make a case of such an act of Sweden.

Its act clearly indicates that Sweden gave up long ago its duty and neutrality as a member nation of the NNSC and, in actuality, is directly taking part in increasing tension on the Korean peninsula behind the scene, under the mask of "neutral nation." It is only too natural that peace and human rights organizations of Sweden are lifting up voices of protest, taking a serious view of the fact that their country, a "neutral nation," endorsed arms sale to South Korea which is a slot of dispute and which the Amnesty International branded as a "region of human rights abuses."

It is evident that if Sweden supplied military hardware to the puppets, they would be used as military means against the DPRK and it would result in further heightening military tension on the Korean peninsula.

It goes without saying that the Kim Yong-sam group is purchasing various kinds of sophisticated weapons from Sweden in a bid to overpower the North militarily.

In the past, the puppets have introduced quantities of mass destruction weapons from other countries and largely reinforced their Armed Forces and, as if it were not enough, they are now purchasing sophisticated military equipment and weapons from Sweden. This fully shows that, for their arms buildup, they are clean indifferent to the honor and stand of Sweden.

The Kim Yong-sam group, group of colonial puppets without any real power, is trying to inveigle Sweden, which styles itself a "neutral nation", into obstructions to the smooth implementation of the DPRK-U.S. framework agreement and increase of the danger of another war on the peninsula. This is a rash act which can be done only by warmaniacs bereft of reason.

The South Korean puppets must promptly stop arms buildup creating a critical situation in the Korean peninsula and Sweden must act with discretion, not being hypnotised by others.

More on Reported Sale of Missiles to Zaire

BR0602135895 Paris LE POINT in French 28 Jan 95 p 19

[FBIS Translated Text] North Korea and Zaire appear to have completed a contract last December to provide

Kinshasa with 18 North Korean Scud-C missiles (with a range of 300 to 1,000 km) worth $100 million. Pyongyang is likely to deliver the Scud-C missiles within 12 months, and half of the price seems to have already been paid. Rumors about this strange missile transaction is drawing the attention of observers, who believe that if the contract is valid, the actual destination of the missiles would not be Zaire but instead a third country.

Paper Urges West To Terminate 'Protectionism'

SK0702104895 Pyongyang KCNA in English 1025 GMT 7 Feb 95

["Protectionism Must Be Terminated"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—The fifth conference of labour ministers of non-aligned and other developing countries held in New Delhi recently reflected the aspiration and interests of the developing nations when it rejected the protectionism of the Western countries, says NODONG SINMUN in a by-lined article today.

With the "stick" of protectionism the imperialist powers are now forcing their political and economic demand on other nations and putting pressure on them. And they are trying to hit the jackpot by putting curbs on other nations' trade development and monopolizing international market, the article says, and continues:

The sources of foreign currency have largely decreased in developing nations, their trade conditions and economic management have turned more unfavourable and the bipolarization of the world, "the rich getting richer and the poor poorer," has assumed serious dimensions. This is mainly attributable to the protectionism of the West.

The imperialists' outcries for "liberalization of trade" are a hypocrisy and a camouflage for veiling their brigandish trade policy.

The New Delhi conference of labour ministers was right when it urged the discussion of the issue of protectionism at the world summit scheduled in Denmark in March, rejecting the protectionism of the imperialist countries.

The Western powers must renounce protectionism and accept the demand of developing nations for market opening.

They must pull down the unjustifiable tarrif and non-tarrif walls against the commodities of the developing nations, take steps to stabilize their income through export and let them take a greater share in the processing, sale, distribution and transport of raw materials and products.

Terminating protectionism is a demand of the time.

Benefits of South-South Cooperation Analyzed

SK0702050595 Pyongyang KCNA in English 0454 GMT 7 Feb 95

["South-South Cooperation Leads Developing Countries to Progress and Prosperity"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—When South-South cooperation is developed on the principle of collective self-reliance it is possible for developing countries to successfully overcome the difficulties arising in the building of a new society and achieve progress and prosperity, stresses NODONG SINMUN today in an article entitled "South-South Cooperation Leads Developing Countries to Progress and Prosperity."

The developing nations have sufficient conditions and possibilities for realizing the South-South cooperation, the paper declares, and goes on:

If this cooperation is developed, it will be possible, above all, for the developing countries to solve the problem of funds, one of the biggest difficulties facing them in building a new society at present.

When the developing countries lay aside reserve funds in various forms and loan them under favourable conditions of low interest or interest-free, they can solve this problem by themselves and frustrate the imperialists' scheme to fool and bind up them with money.

South-South cooperation also makes it possible to solve the difficult technical problems by their own efforts without dependence on the imperialists.

Each of the developing countries in Asia, Africa and Latin America has good experiences and technologies in one or two fields for exchange. Should these technologies be used in an effective way, it is quite possible for them to develop the economy by themselves.

With the cooperation developed, the developing countries would be able to preserve their raw materials and fuels from the imperialists' plunder and make an effective use of natural resources in the building of a new society.

When they realize the cooperation, the imperialists' means of exploitation will shrink and then the old international order will be hamstrung.

WPK Secretary Meets With Foreign Party Leaders

SK0702104795 Pyongyang KCNA in English 1020 GMT 7 Feb 95

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—Secretary of the Central Committee of the Workers' Party of Korea [WPK] Hwang Chang-yop, head of the WPK delegation, met and had friendly conversations with General Secretary of the Central Committee of the New Communist Party of Great

Britain Eric Trevett, Chairman of the Central Committee of the Belgian Labour Party Ludo Martens, Chairman of the for Peace and Socialism-the Communist Workers' Party of Finland Timo Lahdenmaki, General Secretary of the Workers' Party of Ireland Pat Quearney, General Secretary of the Movement for Peace and Socialism of Italy Roberto Gabriele, General Secretary of the Central Committee of the All-union Communist Party of Bolsheviks of Russia Nina Andreyeva and First Secretary of the Russian Communist Workers' Party Victor Tyulkin in Copenhagen on February 3 and 4.

Expressing full support and solidarity for the struggle of the WPK and the Korean people for socialist construction and the reunification of the country, the party leaders said that they would actively develop relations with the WPK in the future.

Economic Delegation Departs for Thailand

SK0402150595 Pyongyang KCNA in English 1502 GMT 4 Feb 95

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—A government economic delegation of the Democratic People's Republic of Korea headed by Yi Song-tae, chairman of the State External Economic Affairs Commission, left here today by air to visit Thailand.

Kim Won-taek, director of the Kuwol Sobang Publishing House under the General Association of Korean Residents in Japan (Chongnyon), arrived here today for a visit to the socialist homeland.

Embassy in SRV Arranges Anniversary Banquet

SK0502101595 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 2 Feb 95

[FBIS Translated Text] A banquet was arranged at the DPRK Embassy in Vietnam on the 45th anniversary of the establishment of diplomatic relations. A portrait of the great leader Comrade Kim Il-song was placed in front of the banquet place. Pictures under the theme "The Dear Comrade Kim Chong-il Is Our People's Great Leader [yongdoja]" were exhibited at the banquet place.

Nguyen Manh Cam, Vietnam's minister of foreign affairs; Hong Ha, secretary of the Secretariat of the Vietnamese Communist Party; the chairman of the Vietnamese Joint League of Organizations for Peace, Solidarity, and Friendship; and other functionaries concerned were invited to the banquet. In addition, the DPRK ambassador and embassy employees were on hand.

Our ambassador and Vietnam's minister of foreign affairs gave speeches at the banquet. In his speech, the minister of foreign affairs said that 45 years ago, the DPRK officially recognized the Democratic Republic of Vietnam. This was precious support for the Vietnamese people who were divided due to war, and it encouraged the Vietnamese people to final victory.

The minister of foreign affairs said he is happy that the friendly and cooperative relations between the two countries have developed magnificently during the past. He emphasized that he will treasure these traditional friendly relations, which were personally arranged by the respected President Ho Chi Minh and the great President Kim Il-song, and will make efforts to consolidate and develop them.

The minister added that he wishes the Korean people will magnificently succeed in the respected and beloved President Kim Il- song's revolutionary cause, and that great results will be achieved in the struggle for socialist construction and the fatherland's independent and peaceful reunification.

Kang Song-san Receives Reply Message From Laos

SK0502102095 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 2 Feb 95

[FBIS Translated Text] Comrade Kang Song-san, premier of the Administration Council, received a reply message from Lao Prime Minister Khamtai Siphandon for sending him a congratulatory message on the 19th anniversary of the founding of the Lao People's Democratic Republic.

The reply message expressed gratitude for sending enthusiastic congratulations and greetings, and pointed out the prime minister's belief that the traditional, magnificent, friendly, and cooperative relations between the two countries will be further and fully developed.

Laotian President Supports Korean Reunification

SK0502081395 Pyongyang KCNA in English 0804 GMT 5 Feb 95

[FBIS Transcribed Text] Pyongyang, February 5 (KCNA)—"The People's Revolutionary Party, government and people of Laos will invariably support the Workers' Party, government and people of Korea in the efforts to build socialism and reunify the country," declared Laotian President Nouhak Phoumsavan on February 1 when he received a letter of credence from the new DPRK ambassador to his country.

He said:

"We are convinced that Korea's reunification will be achieved according to the proposal made by President Kim Il-song.

"We note with high appreciation that the great leader Comrade Kim Il-song performed great feats for the Korean revolution and the development of the friendly and cooperative relations between Laos and Korea.

We firmly believe that the dear leader Comrade Kim Chong-il, the successor to the revolutionary cause of President Kim Il-song, will continue to lead the Korean people to victory."

Japanese Red Cross Expresses Thanks for Fund

SK0702072495 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 5 Feb 95

[FBIS Translated Text] Yi Song-ho, acting chairman of the DPRK Red Cross Society Central Committee, received a thank-you message from Yamamoto Masayoshi, chairman of the Japanese Red Cross Society, regarding the former's condolence fund to Japan in connection with the damage caused by the earthquake that occurred in Japan.

The message says he extends thanks to Acting Chairman Yi Song-ho for his expression of sympathy, informing that he recently received $200,000 from the General Association of Korean Residents in Japan regarding the earthquake victims recently occurred in the Hasin District. The message points out that the condolence fund will greatly contribute to accelerating the restoration project, saying he confirms it will be used in the most effective manner.

Kang Song-san Receives Message From Murayama

SK0402104195 Pyongyang KCNA in English 1034 GMT 4 Feb 95

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—Kang Song-san, premier of the Administration Council of the Democratic People's Republic of Korea, received a message on Feb. 3 from Japanese Prime Minister Tomiichi Murayama in reply to his message of sympathy to the latter on Jan. 18 for the strong earthquake that hit the Kinki District, Japan.

The reply message expressed heartfelt thanks for the warm sympathy and encouraging words as regards the damages caused by an earthquake in southern Hyogo Prefecture, Japan.

Danish Communist Party Head Meets WPK Visitors

SK0502103595 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 2 Feb 95

[FBIS Translated Text] On 1 February, (Clause Keis), chairman of the Danish Communist Party Marxism-Leninism, received a delegation of the Workers' Party of Korea [WPK] led by Hwang Chang-yop, secretary of the WPK Central Committee.

During the meeting, the head of the delegation conveyed the greetings of the great leader [yongdoja] of our party and our people, Comrade Kim Chong-il, to Chairman (Clause Keis). The chairman expressed deep gratitude and asked the head of the delegation to convey his sincere greetings to the great leader [yongdoja] Comrade Kim Chong-il.

The chairman said socialism is superior to capitalism, which is beyond comparison, and highly assessed the fact that the Korean people are magnificently realizing the socialist cause by firmly uniting around the great leader [yongdoja] Comrade Kim Chong-il.

He then pointed out that the Danish Communist Party Marxism-Leninism will continue to abide by the socialist principle to the end, emphasizing that he expressed whole-hearted support in the struggle by the WPK and the Korean people for socialist construction and the country's reunification.

Kim Yong-nam Sends Message to Congo Counterpart

SK0402150995 Pyongyang KCNA in English 1504 GMT 4 Feb 95

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—Foreign Minister Kim Yong-nam sent a message of greetings to Arsene Tsaty Bongou, upon his appointment as minister of foreign affairs, cooperation and French-speaking world.

Expressing the belief that the relations of friendship and cooperation between the two countries would further develop in the future, the message sincerely wished him success at his new post.

Officials Send Messages to Tunisian Counterparts

SK0602222695 Pyongyang KCNA in English 1515 GMT 6 Feb 95

[FBIS Transcribed Text] Pyongyang, February 6 (KCNA)—Premier of the Administration Council Kang Song-san sent a message of greetings to Hamed Karoui on his reappointment as prime minister of Tunisia.

Premier Kang Song-san wished Prime Minister Hamed Karoui success in his future work.

Meanwhile, Foreign Minister Kim Yong-nam sent a telegram of greetings to Habib Ben Yahia upon his reappointment as minister of Foreign Affairs of Tunisia.

Japanese Scholar Hails Kim Chong-il's Treatise

SK0702112895 Pyongyang Korean Central Broadcasting Network in Korean 2300 GMT 2 Feb 95

[Article by Kenichi Ogani, secretary general of the International Institute of the Chuche Idea: "The High-Water Mark of Socialist Theory"]

[FBIS Translated Text] I received His Excellency [kakha] Kim Chong-il's classical work "Socialism Is Science" at the office of the International Institute of the Chuche Idea in Tokyo in early November of last year. While reading the work, I was struck by its contents, which made me feel it is indeed an outstanding masterpiece. Reading the classical work, not only those who espouse our chuche idea but also numerous figures from Japan's political and academic circles as well as the press, said: We have come to deeply relive once again the lofty and noble appearance of His Excellency [kakha] Kim Chong-il, who demonstrated his extraordinary ideological and theoretical wisdom as a fighter protecting the ideal of socialism and as the leader [yongdoja] leading mankind to a bright future at a historical time when the world's people are watching us following the death of President Kim Il-song.

Now I am going to state the impression I got after studying His Excellency [kakha] Kim Chong-il's work, dividing it into parts.

Achievement in the History of Mankind Which Has Again Established the Ideal of Socialism

The achievement in the history of mankind that His Excellency [kakha] Kim Chong-il has achieved by publishing the classical work "Socialism is Science" lies in that he has again established the ideal of socialism on a new scientific foundation, thus bestowing a upon the progressive people of the world firm conviction for the future.

His Excellency [kakha] Kim Chong-il has indicated in the classical work: Socialism is the ideal of the popular masses struggling for independence as well as their revolutionary banner.

The popular masses' independence is realized by socialism, communism. Sound social human beings want to live with the ideal toward a genuine human society, and look ahead to the future.

Long ago the legend of a Utopia existed in the Orient, and paradise on earth was revered in Western countries. This was because people long sought an ideal society in which people could live peacefully and happily without exploitation and oppression.

Afterward, Utopian socialists expounded the ideology of building a society of equality that is devoid of exploitation, oppression, and social inequality, and that is based on social ownership. However, they ended by only with sympathizing with those who were exploited and oppressed, and with merely presenting a (?model) of Utopian socialism; they failed to regard the exploited masses as a reliable force for building a new society, and failed to present scientific methods for realizing mankind's ideal society. Because of this, Utopian socialism drew people's attention, but failed to become a genuine ideal which human beings should cherish and seek.

It was through Marx and Engels that socialism was established as a scientific ideal. The Declaration of the Communist Party was announced in the mid-nineteenth century, and thus the revolutionary struggle for socialism began. Since then, socialist countries have been built and socialism has become a reality. However, after over a hundred years, the socialist ideology defined by Marx faces a crisis today, with some having lost faith in socialism. This can be attributed to the exposure of the age limit of Marxism-Leninism, the collapse of socialism and the revival of capitalism in the former Soviet Union and East European countries, and the fact that Western countries have taken this opportunity to make great noise that socialism has come to an end.

The hindrance of socialism in some countries, and the antisocialist offensives of its betrayers and of Western propagandists, confuse people and shake the base of socialist ideology. People with sound minds and people who worry about mankind's future are concerned that without the longing and aspiration for mankind's future in an ideal society, only a wild order pursuing money and gold will remain on this planet.

In the mid-1990's, with the 20th century drawing to a close and the 21st century around the corner, a shadow is cast on socialist ideology, which is mankind's ideal, disappointing and worrying the world's progressive people. The publication of the work "Socialism is a Science" by His Excellency [kakha] Kim Chong-il at such a time is internationally significant. The publication of the work provided a footstone that is unshakable for 100 million years to support the shaken socialist ideology and shed light on shadowed socialism. This is an event in mankind's history.

A review of Western media reports proves the great international repercussions caused by the work written by His Excellency Kim Chong-il. Japanese, U.S., German, British, and other Western papers, broadcast stations, and news agencies immediately reported on the work of His Excellency Kim Chong-il on 4 November 1994 when it was announced to the world, as well as on 5 November.

It is hard to find such an unprecedented matter, for the Western media to competitively report on as His Excellency Kim Chong-il's work all at once. While viewing socialist countries with a confrontational and biased eye, it was a custom for the Western media to avoid and not report on the publication of thesis by the leaders of these countries.

Nevertheless, the Western media competitively reported on His Excellency Kim Chong-il's work. I believe that this clearly proves His Excellency Kim Chong-il's high international authority and influence.

In reality, the Western political circles and press and publications have from a long time ago deeply observed His Excellency Kim Chong-il's revolutionary activities and have recognized and propagandized him as the new leader [yongdoja] of North Korea. In particular, recently he succeeded the DPRK-U.S. talks and received the U.S. President's letter of guarantee. As such, the Western media cannot refrain from praising His Excellency Kim Chong-il's outstanding diplomatic skill and leadership.

Fifteen years ago, in the 27 October 1980 edition of TIMES, a U.S. magazine of authority, it had reported on the Sixth Congress of the Workers Party of Korea and wrote that His Excellency Kim Chong- il is the new leader [yongdoja] next to President Kim Il-song and he is a leader whom the Seoul authorities fear as a hawk. On 15 July of last year, right after President Kim Il-song died, a spokesman of the U.S. State Department officially announced that the United States regards as a fait accompli that leader Kim Chong-il has completely succeeded all work in North Korea.

Through the publication of the work "Socialism Is a Science," by His Excellency Kim Chong-il, the Western media had assessed that since President Kim Il-song's death, it was possible to take a peep at leader Kim Chong-il's political program and resoluteness of faith in socialism.

Whenever I received such reports in Japan, I keenly felt that the Western world as well as the world's progressive people officially recognize His Excellency Kim Chong-il as a worldwide leader [yongdoja] and all the more felt the pride and dignity of a believer in the chuche idea.

While studying His Excellency Kim Chong-il's work, I was greatly moved when he elucidated the link between the essence of socialism and the popular masses' independence. Independence is the life of the popular masses and man's history is a history of struggle of the popular masses for independence.

Another outstanding ideological and theoretical achievement by His Excellency Kim Chong-il is that he elucidated that man's society is divided into a society based on individualism and a society based on collectivism, and explained that the historic summing up of man's social development is passing over from a society based on individualism restricting man's independence to a society based on collectivism which coincides with man's independence and a socialist and communist society.

In his work, His Excellency Kim Chong-il linked the socialist issue with the issue of realizing independence of the popular masses and profoundly developed it. Thus, he has put the ideal of socialism on a new scientific basis and firmly confirmed its universality and eternity philosophically and theoretically.

In the work, His Excellency Kim Chong-il indicated that socialism in Korea is socialism with primary emphasis on man and socialism centered on the popular masses. I can say with certainty that Korean-style socialism, socialism with primary emphasis on man and centered on the popular masses, is precisely the most scientific and most viable socialism. This is a summation of the experiences that I have attained from my frequent visits to Korea since the seventies.

Korean-style socialism is a most genuine socialism among various forms of socialism. The views that socialism existing on earth is not all the same had already been presented.

In early 1989, MAINICHI SHIMBUN of Japan carried the following article: It is not correct to assert that capitalism has won victory over socialism. In reality, genuine capitalism has won victory only over bogus socialism. Asserting in "winning" or "being defeated" itself is a product of the Cold War era. In fact, capitalism itself faces a great crisis. Genuine socialism will emerge in the future.

In this article, the writer Yasuhiro Maeda, who was member of this newspaper's editorial staff, classified socialism into bogus socialism and genuine socialism, denying its general concept.

Even many world figures studying the issue on socialism, analyzing that the collapse of some socialist countries was not a collapse of socialism in general, but was a collapse of old socialism, stresses that old socialism has a fatal weakness called the idea of attaching primary emphasis on materials and on the economy and the idea of attaching primary emphasis on materials and economic growth and that only the independent socialist line based on the chuche idea has a bright future.

I think this assertion is correct because it reflects the present trend in the development of socialism.

Since his excellency Kim Chong-il-s work "Socialism Is a Science" was published, great repercussions have been effected among progressive figures throughout the world, particularly among figures in the former Soviet Union and former East European countries. I think this phenomenon vividly shows which socialism is weak and which socialism is viable and scientific.

Let me cite some Russian figures that prove this.

Professor Gennadiy (Natopuni), general secretary of the Union of Scholars Studying the Human Issue in the Present World, said: Since the Soviet Union collapsed, our progressive figures in Russia have been only wailing over its collapse. In retrospect, from the mid- 1970's the former Soviet Communist Party ignored the issues of ideology and of attaching great importance to men, instead attaching importance only to material desire and economic problems. As a result, the Soviet Union collapsed. This time, The great Comrade Kim Chong-il sagaciously elucidated the cause of the Soviet Union's collapse through his scientific work on socialism. This is of great international significance in the course of consummating the socialist cause and in the struggle for inheriting socialism.

Anatoliy (Voliyshunev), academician, professor, doctor, and president of the National Academy, said: I am very happy even to see the title of the classical work "Socialism Is a Science" published by Comrade Kim Chong-il, the great leader [yongdoja] of the Workers' Party of Korea and the Korean people. This classical work will bestow without fail a new faith in socialism and communism, not only upon the Korean people, but upon people and communists in other countries in which socialism has collapsed, as well as the progressive people of the world who aspire for socialism. In the past. (Chernishevskiy) wrote a book entitled "What Should We Do?" Lenin also wrote a book entitled "What Should We Do?" The problem of "what should we do?" and "how should we do it?" has been presented again today. However, there is no leader in our country who can correctly answer these questions today. Reading Comrade Kim Chong-il's work, I have come to firmly believe that only this work can give correct answers to these questions.

Ivan Melinikov, vice chairman of the Executive Committee of the Central Committee of the Communist Party of the Russian Soviet Federated Socialist Republic, said: Comrade Kim Chong-il's work "Socialism Is a Science" is an encouraging banner that bestows a new firm faith in socialism. As the title of Comrade Kim Chong-il's work shows, socialism is a science, and therefore no one can deny this. We will rebuild socialism in Russia and on the land of the former Soviet Union.

Indeed, his excellency Kim Chong-il's classical work "Socialism Is a Science" is an immortal and monumental work that with perfect logic, scientific basis, and sharp working-class judgment categorically refutes the imperialists' argument about the end of socialism, fully revealing the opportunists' moves to obliterate the ideals of socialism and pronouncing their total bankruptcy. It is the highest peak of the theory of socialism, reestablishing anew the ideal of socialism on the basis of the analysis of man's intrinsic demand for independence and the basic aspirations of the popular masses.

A New Discovery of the Way of Socialist Politics

What I was deeply moved by while studying his excellency Kim Chong-il's classical work was he declared that socialist politics should be benevolent politics.

In his work, his excellency Kim Chong-il indicated: Love and trust form the essence of politics in the socialist society in which the popular masses have changed from the object of politics to the master of politics. We regard politics of love and trust as benevolent politics. No one would deny that man lives, forming a collective called society, and that the function called politics is indispensable to maintain and develop society. That is to say, what are the genuine politics that accord the genuine essence and aspiration of man? For this question, politicians in capitalist countries embellish bourgeois politics, talking about multiparty systems and parliamentary democracies. However, the criticism that bourgeois politics is wrong politics, politics in which money and power run rampant, cannot be avoided.

His excellency Kim Chong-il, with perfect logic and scientific analysis, and basing himself on the principles of the chuche idea, fully proved that socialist politics, benevolent politics in essence, are genuine benevolent politics to which mankind should aspire.

A socialist society is a society in which the popular masses have become the master of politics. Therefore, there is no barrier between politicians and the masses receiving politics in a socialist society. Rather, politicians have become servants of the people. Politics in socialist society are not an activity of reigning over the people and of ruling them like politics in other societies, but play the role of leading the main force of the revolution to demonstrate its might by rallying all the people into one social and political organism. This is why it is inevitable for politics of love and trust, that is, benevolent politics, to become the inherent political way in a socialist society.

Through studying His Excellency Kim Chong-il's treatise, we can understand that socialist politics, by nature, should be benevolent politics. Whether or not benevolent politics are implemented become a precious yardstick in studying and examining the issue on socialism. With this as a yardstick we can judge which socialist society is superior among socialist societies.

In reality, looking at socialist countries which once existed or exist now on earth it can be noted that the degree of their superiority and vitality is not the same.

We can say that the collapse of the Soviet Union and East European socialist countries and their return to capitalism was caused by various factors. However, a more important factor for the collapse among them was because genuine socialist politics, that is, benevolent politics, were not implemented in these countries.

As His Excellent Kim Chong-il said in his work, to shape genuine benevolent politics in socialist society it is imperative to have a political leader who infinitely loves the people. A socialist political leader must be a man of ability. But, what is more important is virtues of loving the people infinitely. The reason socialism failed and capitalism revived in some countries has been made clear with this ideology clarified by His Excellent Kim Chong- il in his work.

In fact, those people like Gorbachev, who was believed to be a spy for imperialism, held the highest posts of the party and the state in the former Soviet Union, and this finally created the tragedy of the collapse of the Soviet Union. In retrospect, these people lacked not only the slightest degree of sense of responsibility for the destiny of the people, but also even the primary virtues of loving and caring for the people.

The collapse of the Soviet Union was a tragedy created by a social democrat, a culprit of imperialism, who had smuggled into the highest leadership camp of the Soviet Union while harboring the wild ambition of returning to capitalism, not benevolence. His Excellency Kim Chong-il's logic that the people are to be betrayed when they meet their leader who lacks benevolence and that, consequently, socialism will be ruined has been proven in reality.

From this viewpoint, I think the Korean people upholding as their leader [suryong] His Excellency Kim

Chong-il, who is equipped with excellent leadership ability and noble virtues, are indeed happy and dignified people.

The Korean people who built a genuine people's country under President Kim Il-song's benevolent politics and who have enjoyed the benefits of socialism are demonstrating the invincible might of socialism under His Excellency Kim Chong-il's benevolent politics today. I believe that this is why the Korean people have been able to become the people blessed with the leader [suryong] generation after generation and why Korea's socialism is ever-victorious while firmly guaranteeing the continuity of benevolent politics. This is Korea's greatest pride that can be demonstrated to the world.

Whenever I think of the great benevolent politics of Korea which have constantly made the Korean society clean and which have turned the whole country into one large family I cannot but repress the reverence for President Kim Il-song who opened the beginning of benevolent politics with warm love toward the people.

Almost 20 long years have passed since I visited Korea for the first time. But I cannot forget the days of my glory of being received by President Kim Il-song. President Kim Il-song warmly received me and made precious remarks not only on the principle of the chuche idea, but also on the status of socialist construction in the Republic and mankind's future. His acts and words were always full of warm human love and lofty sense of responsibility for the people.

When I recall today my glorious days of being received by President Kim Il-song, I think that the president's warm human love, lofty personality, and broad-minded capacity were the basic source of the great benevolent politics which have demonstrated to the world the mighty appearance of Korean-style socialism that has made the Korean people a heroic people.

It is President Kim Il-song's immortal achievement for the Korean people and mankind to have firmly guaranteed the succession of socialist benevolent politics by having the Korean people advance under the leadership of His Excellency Kim Chong-il today. Whenever I think of this, I recall what President Kim Il-song said to me on 19 January 1987.

President Kim Il-song mentioned the old Oriental proverb "The younger generation surpasses the older," meaning that the one born later is naturally better than the one born earlier, when he talked about His Excellency Kim Chong-il. I think his meaning was twofold. One was that President Kim Il-song was absolutely confident of the greatness of His Excellency Kim Chong-il as the new leader [yongdoja]; and the other was that His Excellency Kim Chong-il is a leader [yongdoja] same as the president [chusok], that is, a leader [chidoja] with both leadership and benevolence; hence, the future of Korea is optimistic.

Feeling wholeheartedly President Kim Il-song's absolute confidence in His Excellency Kim Chong-il, I could not resist my respect toward His Excellency Kim Chong-il. I immediately asked for the president's permission to publish His Excellency Kim Chong-il's works in Japan. President Kim Il-song said that Comrade Kim Chong- il is so humble that he does not allow his work to be published. When I kept asking earnestly, the president said he would allow, as the general secretary, the publication of Comrade Kim Chong-il's works. I was overwhelmed by the joy as if I had the whole universe.

His Excellency Kim Chong-il's outstanding leadership and noble personality as a great socialist benevolent politician was better proven by what happened after the passing away of President Kim Il- song. The facts that a magnificent bridge and a tunnel that would contribute to improving the welfare of the people, is under construction ordered by the supreme commander; that girls have become parents of orphans and daughters of childless old couples; that young people are marrying soldiers who were wounded during military services; and that soldiers and security functionaries are protecting lives and properties of the people from accidents with self-sacrificing spirit; are all proud fruitions of His Excellency Kim Chong-il's benevolent politics.

I would like to add that His Excellency Kim Chong-il's benevolent politics is a great politics that crosses borders and exercises international influence over all mankind. Through stories told by my Indian colleagues and many other international friends, I am well aware of the heart-moving facts that His Excellency Kim Chong-il even ardently embraced foreigners who are comrades sharing the same will, despite the differences in language and color of the skin, and sent planes of love and elixir of life when they were in a deadly situation. From the pan-planet standpoint, the facts made the world's people feel keenly the great benevolent politics of His Excellency Kim Chong-il, who takes care of all mankind.

Indeed, His Excellency Kim Chong-il, who has the outstanding leadership and noble benevolence, is the great leader [yongdoja] of our times, as well as of the 21st century. I truly think the work "Socialist Is a Science" is His Excellency Kim Chong-il's lofty ideological and spiritual gift to today's people, who are letting go the complicated and multifarious 20th century and are receiving the 21st century. With such an invaluable ideological and theoretical treasure in their hands, it is undoubted that the people will build a new world of independence when they advance in confidence following the new leader [sae yongdoja].

Chongnyon Organizations Thank Kim Chong-il

SK0502080995 Pyongyang KCNA in English 0801 GMT 5 Feb 95

[FBIS Transcribed Text] Pyongyang, February 5 (KCNA)—Messages of thanks came to the great leader Marshal Kim Chong-il from the Standing Council of the

Federation of Korean Traders and Industrialists in Japan, the Central Standing Committee of the League of Korean Youth in Japan, the Central Standing Committee of the Democratic Union of Korean Women in Japan, the Central Standing Committee of the Union of Korean Teachers in Japan and other organizations under Chongnyon, the Korean News Service, the Kumgangsan Art Troupe, the Korean Affairs Institute and other bodies under it, local headquarters of Chongnyon, Chongnyon Central Institute and Korean University for the relief fund he had sent to the Korean victims of the great Hanshin earthquake.

The messages noted that Marshal Kim Chong-il had shown fraternal love by sending a telegram of consolation and later the relief fund to the Korean quake victims.

They expressed the resolution of the compatriots to recover from the quake damage as soon as possible and make a greater progress in carrying out their patriotic tasks, united around the Chongnyon organizations, remaining faithful to the wise leadership of respected General Kim Chong-il.

They wholeheartedly wished Marshal Kim Chong-il a long life in good health.

Reportage on Kim Chong-il Birthday Commemoration

Decree Issued Honoring Birthday

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[FBIS Translated Text] A decree was issued on designating the great leader [yongdoja] Comrade Kim Chong-il's birthday as the nation's greatest festive day.

Significantly celebrating the birthday of the great leader [yongdoja] of our party and our people Comrade Kim Chong-il as the nation's greatest felicitous festive day is a consistent desire of all Korean people.

Three years ago, on 7 February 1992, the great leader Comrade Kim Il-song ratified a decree presented by the DPRK Central People's Committee [CPC] on designating 16 February, the birthday of the great leader [yongdoja] Comrade Kim Chong-il, as the nation's greatest festive day.

The decree was not issued due to repeated dissuasion by the great leader [yongdoja] Comrade Kim Chong-il who is possessed with absolute loyalty to eternally uphold, with lofty moral faithfulness and infinite humbleness, only the great leader Comradez Kim Il-song.

Reflecting the intention of the great leader Comrade Kim Il-song when he was alive and the consistent demand and fervent desire of the entire party, the entire army, and all of the people, we now issue the DPRK CPC decree which until now, was not officially announced. The decree is as follows:

The DPRK CPC decree to designate 16 February, the dear leader Comrade Kim Chong-il's birthday, as the nation's greatest festive day.

The dear leader of our party and our people, Comrade Kim Chong-il—the great successor of the chuche revolutionary cause and supreme commander of the Korean People's Army—was born on 16 February 1942. It is the nation's greatest significant festive day.

During the sacred anti-Japanese revolutionary struggle period for the fatherland's liberation, Comrade Kim Chong-il was born on Mt. Paektu, the sacred mountain of the revolution. From his childhood, he experienced the arduous trials of the revolution and grew to become a great revolutionary. He is well aware that completing the chuche revolutionary cause pioneered by the respected and beloved leader Comrade Kim Il-song is a lifelong mission which extends from generation to generation. Thus, during the whole period from the time he launched upon the revolutionary road, until today, he has struggled by devoting everything only for the party, the leader, the fatherland, and the people.

Comrade Kim Chong-il upheld the great leader's [suryong] high intention by organizing and leading the chuche revolutionary cause which was pioneered in Paektu toward brilliant victory, thus accumulating immortal achievements which will shine throughout the world forever.

Through extraordinary and unique ideological and theoretical activities, Comrade Kim Chong-il resolutely advocated, adhered to, and intensified and developed the great leader's [suryong] revolutionary ideology and chuche idea. He gave an overall answer to all theoretical and practical problems presented by the era and history. He also elucidated the most correct road to complete the popular masses' independent cause.

Through endless contemplation and energetic study, Comrade Kim Chong-il formulized the respected and beloved leader's [suryong] revolutionary ideology into the monolithic system of thought, theory, and method of chuche, and extraordinarily developed and enriched this into profound, new principles. He put the revolutionary world view of the working-class and scientific communist theory at the highest stage. This is the greatest achievement accumulated before the era and man.

Comrade Kim Chong-il brilliantly advocated, adhered to, and succeeded and developed our party's glorious revolutionary tradition achieved by the great leader [suryong]. Thus making the Paektu revolutionary spirit overflow throughout the whole country.

Comrade Kim Chong-il has enabled our party's brilliant revolutionary tradition to become a lofty asset that must be succeeded generation after generation, and an eternal cornerstone for the victory of the chuche revolutionary cause. Thus, the life of our revolution is being firmly succeeded and our people's revolutionary struggle is pressing hard on the heels of the enemy.

Comrade Kim Chong-il has strengthened and developed our party into an ever-victorious, chuche-oriented, revolutionary party; he has rallied all people around the party, thereby firmly providing for the chuche-oriented forces of our revolution.

As a result, the entire party has been brilliantly imbued with the chuche idea under Comrade Kim Chong-il's leadership. Our party has become a revolutionary party in which the uniformity of ideology and leadership has been firmly guaranteed; it has become a militant party in which the organizational and ideological unity and cohesion of the ranks has been consolidated as invincible, while possessing a strong organization and discipline; and it has become a seasoned and vivacious party possessing the greatest authority, possessing great achievements and abundant experience in our time. In addition, our revolutionary ranks have grown and developed as a mighty, independent being that has been united as a socio-political being.

This is an achievement which particularly shines in the history of Comrade Kim Chong-il's glorious, brilliant, revolutionary activities.

Comrade Kim Chong-il has strengthened and developed the DPRK, our glorious fatherland, as a powerful weapon for the consummation of the revolutionary cause of chuche and as a genuine people's state that serves the people.

As a result, Comrade Kim Chong-il has embodied a concrete line of power building [chongkwon konsol] and has helped strengthen party leadership [yongdo] over the people's power; our republic has come to demonstrate its majestic appearance to all the world as a socialist power with independence, self-reliance, and self-defense; and our people enjoy to their heart's content an independent and creative life under the most superior socialist system of our style centered around the popular masses.

Comrade Kim Chong-il has strengthened and developed the revolutionary armed forces of our party as a one-is-a-match-for-a hundred iron-willed ranks which reliably defend the security of the fatherland and the revolutionary gains.

Under the outstanding leadership of Comrade Kim Chong-il, the revolutionary armed forces, whose core is the People's Army, have been strengthened and developed into the armed forces of the party and the leader [suryong], and into the reliable defender of the fatherland and the revolution. As a result, our revolutionary armed forces have come to be able to beat off any kind of maneuverings of aggression by the enemies [wonsudul] and to firmly defend our socialist system, the revolutionary gains, and the national sovereignty.

Comrade Kim Chong-il has increased the might of the socialist, self-reliant national economy in an extraordinary manner; he has brilliantly brought into bloom and developed the socialist, national culture.

Due to Comrade Kim Chong-il's wise leadership, our people have been able to firmly maintain a high speed of economic development and build numerous grand monumental creations which add luster to the era of the Workers' Party, while thoroughly accomplishing our party's line of socialist economic and cultural construction; they have been able to unfold a great golden age of literature and art, while effecting an epoch-making turn in all fields of cultural construction.

While putting forth correct tactical and strategic policies to advance the fatherland's reunification, and with his outstanding resourcefulness and seasoned leadership, Comrade Kim Chong-il has led our people's struggle for the fatherland's independent reunification along the single road to victory, thereby providing a powerful subject for the fatherland's reunification and helping all countrymen turn out as one in a sacred war to achieve the fatherland's reunification.

While elucidating the chuche-oriented external and foreign policies that embody the idea of independence, peace, and friendship, Comrade Kim Chong-il has wisely led the activities of our party and the republic's government to accomplish such polices, thereby increasing the international solidarity of our revolution and making great contributions to the anti-imperialist, independent cause of the world's people as well as to the development of the world revolution.

With endless love toward the people and noble communist virtue, all his life Comrade Kim Chong-il has devoted everything to the sacred cause of the people.

Embracing our workers, peasants, and working intellectuals in his benevolent bosom, Comrade Kim Chong-il has raised them as independent subjects of the revolution. Always being among the people, he has shared sorrow and joy with them, and has taken warm care of everything concerning the people with parental love. He has devoted all his energy and efforts to providing a boundlessly happy, abundant, and cultured life for our people.

Comrade Kim Chong-il is always concerned about the South Korean people, who suffer from shells [potansoge sirum hanun], never forgetting them at any moment. He has led overseas compatriots to the true road of patriotism, giving them all kinds of consideration by embracing them in his broad bosom with a sacred feeling of fraternity.

Truly, Comrade Kim Chong-il is the working class's great leader [yongdoja] who glorifies modern history with a profoundly revolutionary theory and a uniquely revolutionary practice based on his extraordinary wisdom and prominent leadership, his boundless loyalty to the leader [suryong], and his noble communist virtue. He is also our people's benevolent father [chaaeroun oboisida] who has brilliantly led the entire course of the revolutionary activity with his warm love for the people.

Today, without Comrade Kim Chong-il, we cannot think about our party's and fatherland's authority [kwonwi] and honor, our people's national dignity and pride, and all the happiness our people enjoy. Our people absolutely trust in Comrade Kim Chong-il and boundlessly admire him. They regard it as their best happiness and honor to live and fight on by highly upholding him at the vanguard of our party and revolution. Revolutionary people throughout the world highly praise Comrade Kim Chong-il as the great sun [widaehan taeyang] that the era and mankind have produced, boundlessly admiring him.

The firm and solid faith and iron-like will of our party and people are to forever uphold Comrade Kim Chong-il by highly having [mosigo] him at the vanguard of the party and the revolutionary armed forces, and to be loyal and dutiful to him.

To hand down to all generations to come, to glorify, and to commemorate forever the immortal achievements gained by Comrade Kim Chong-il in the development of our revolution and the world revolution, and to bear the unanimous aspiration of all Korean people and revolutionary people throughout the world, the DPRK CPC has decided as follows:

1. It shall set 16 February, the historic day when Comrade Kim Chong-il was born—the dear leader [chidoja] of our party and people, the great successor [widaehan kyesungja] to the chuche revolutionary cause, and the supreme commander of our revolutionary armed forces—as the best national holiday [minjok choedaeui myongjollo handa].

2. It shall set 16-17 February as a national holiday [kukkajok hyuillo handa] every year.

3. All organizations [kikwan], enterprises, bodies [tanche], and homes [kajong] shall hoist the DPRK National Flag.

[Signed] The DPRK CPC, Pyongyang.

KCNA Version of Birthday Decree

SK0702043795 Pyongyang KCNA in English 0425 GMT 7 Feb 95

["Decree on Designating Birthday of Comrade Kim Chong-il as Nation's Greatest Holiday"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—It is the unanimous desire of all the Korean people to significantly celebrate the birthday of Comrade Kim Chong-il, the great leader of our party and our people, as the greatest auspicious holiday of the nation.

On February 7, 1992, three years ago, the great leader Comrade Kim Il-song endorsed a decree submitted by the Central People's Committee of the Democratic People's Republic of Korea on designating February 16, the birthday of the great leader Comrade Kim Chong-il, as the greatest holiday of the nation. But the decree was not published due to the repeated dissuasion of the great leader Comrade Kim Chong-il who is possessed of absolute loyalty and noble moral sense of duty to always hold only the great leader Comrade Kim Il-song in high esteem, and his unbounded modesty.

The decree of the Central People's Committee of the DPRK, which has been kept from promulgation, is now being published with full consideration given to the intention of the great leader Comrade Kim Il-song in his lifetime and the unanimous demand and earnest wish of the whole party, the entire army and all the people.

The decree reads:

Decree of the Central People's Committee of the Democratic People's Republic of Korea on designating February 16, the birthday of the dear leader Comrade Kim Chong-il, as the greatest holiday of the nation [subhead]

February 16, 1942, is the auspicious day most significant to the nation on which the dear leader of our party and our people Comrade Kim Chong-il, the great heir to the revolutionary cause of chuche and supreme commander of the Korean People's Army, was born.

Born in Mt. Paektu, the holy mountain of revolution, in the period of the righteous anti-Japanese revolutionary struggle for the liberation of the country, he has grown to be a great revolutionary, experiencing the rigorous ordeals of the revolution from his childhood, and has devoted his all to the party and the leader, the motherland and the people till today in the whole period from the day when he started on the road of revolution, cherishing it as his lifelong mission to carry the revolutionary cause of chuche pioneered by the respected leader Comrade Kim Il-song to accomplishment through generations.

He has performed immortal feats which will shine through centuries, by organising and leading to a shining victory the revolutionary cause of chuche started in Mt. Paektu, true to the noble intention of the great leader Comrade Kim Il-song.

With his extraordinary and unique ideological and theoretical activities, Comrade Kim Chong-il has resolutely defended and developed in depth the chuche idea, the revolutionary idea of Comrade Kim Il-song, thus giving flawless answers to all theoretical and practical questions raised by the times and history and elucidating the most correct way of accomplishing the people's cause of independence. After constant thinking and energetic quest, he formulated the revolutionary idea of Comrade Kim Il-song as an integral system of the idea, theory and method of chuche, enriched it with new profound principles and placed the revolutionary world outlook of the working class and the theory of scientific communism on the highest plane. This is his greatest exploit for the times and humankind.

Comrade Kim Chong-il has creditably defended and carried forward the glorious revolutionary traditions of our party established by Comrade Kim Il-song, so that the whole country is pervaded with the revolutionary spirit of Mt. Paektu. As Comrade Kim Chong-il has defined the brilliant revolutionary traditions of our party as a precious asset to be inherited generation after generation and a foundation stone of eternal value for victory in the revolutionary cause of chuche, the blood of our revolution is being unswervingly inherited and our people are winning victory after victory in their revolutionary struggle.

Comrade Kim Chong-il has strengthened our party into an ever- victorious revolutionary party of chuche and built up a strong driving force of our revolution by uniting all the people around the party.

Under his leadership, the whole party has successfully been modelled on the chuche idea, with the result that our party has grown to be a revolutionary party with the unitary ideology and leadership firmly ensured, a militant party with an invincible organisational and ideological unity of its ranks and a strong organisation and discipline, and an experienced and virile party with great achievements and rich experience and the highest authority in our time. And our revolutionary ranks have grown to be a powerful independent driving force united into one socio-political organism. This achievement holds an exceptionally brilliant place in the glorious history of his revolutionary activities.

Comrade Kim Chong-il has strengthened our glorious fatherland, the Democratic People's Republic of Korea, into a powerful weapon for the accomplishment of the revolutionary cause of chuche and a state truly serving the people. He has enforced the chuche-oriented line of building the government and strengthened the party's leadership of the people's government, with the result that our republic displays its grand sight worldwide as a powerful socialist state independent, self-sufficient and self-reliant in defence, and our people fully enjoy an independent and creative life under the best socialist system of Korean style centred on the masses.

Comrade Kim Chong-il has strengthened the revolutionary Armed Forces of our party into a one-match-for-a- hundred steel-like unit that reliably defends the security of the country and the gains of the revolution.

Under his outstanding leadership, the revolutionary Armed Forces with the People's Army at the core have grown to be an army of the party and the leader and a reliable defender of the country and the revolution, and are now capable of smashing any aggressive move of the enemy and firmly defending our socialist system, the gains of the revolution and the sovereignty of the nation.

Comrade Kim Chong-il has markedly increased the strength of the independent socialist national economy and brought into full play socialist national culture.

Under his wise leadership, our people have implemented our party's line of socialist economic and cultural construction to the letter, thus constantly keeping economic development at a high speed, erecting a large number of grand monumental edifices of eternal value, which exalt the Workers' Party age, effecting an epoch-making turn in all spheres of cultural construction and ushering in a great heyday of literature and art.

Comrade Kim Chong-il has laid down a correct strategic and tactical policy for promoting national reunification and, with his outstanding wisdom and tested leadership, victoriously led our people's struggle for the independent reunification of the country, thus building up a powerful driving force of national reunification and guided the entire nation to turn out as one in the noble cause of national reunification.

Comrade Kim Chong-il has advanced a chuche-oriented foreign policy and policy of diplomatic activities, which embody the idea of independence, peace and friendship, and wisely led our party and the DPRK government to implement these policies, thus strengthening international solidarity for our revolution and greatly contributing to the cause of anti-imperialism and independence of the peoples around the world and the development of the world revolution.

With deep love for the people and lofty communist virtues, he has devoted his all to the noble cause for the people.

He has reared our workers, peasants and working intellectuals to be the independent driving force of the revolution with deep loving care. Always finding himself among the people, he has shared bitters and sweets with them and taken a good care of their life with paternal love. And he has made every possible effort to provide our people with the most bountiful and cultured life in the world.

He has always been concerned about the South Korean people, not forgetting them in dire distress even a moment, and embraced overseas compatriots with a noble compatriotic love and guided them to be true patriots with deep loving care.

Comrade Kim Chong-il is, indeed, the great leader of the working class who is glorifying the modern history with distinguished intelligence, outstanding leadership ability, infinite loyalty to the great leader President Kim Il-song, noble communist virtues, profound revolutionary theories and extraordinary revolutionary practice. He is also the tender-hearted father of our people who has brilliantly recorded the whole course of his revolutionary activities with deep love for the people.

Unthinkable apart from Comrade Kim Chong-il are the prestige and honor of our party and our country, the national pride of our people and all their happiness.

Our people absolutely trust and deeply revere him. They deem it the greatest happiness and honor to live and struggle with him at the head of our party and revolution. And the world revolutionary people deeply respect him, highly praising him as the great sun produced by the time and humankind.

It is the unshakable faith and iron will of our party and people to always have Comrade Kim Chong-il at the head of the party and the revolutionary Armed Forces and remain faithful and devoted to him.

To convey and glorify through generations the immortal feats performed by Comrade Kim Chong-il for the development of our revolution and the world revolution and keep them always in memory, the Central People's Committee of the DPRK, representing the unanimous desire of all the Korean people and the world revolutionary people, decides as follows:

1. February 16, the historical day when the dear leader of our party and our people Comrade Kim Chong-il, the great successor to the revolutionary cause of chuche and supreme commander of our revolutionary Armed Forces, was born, shall be celebrated as the greatest holiday of the nation.
2. February 16 and 17 every year shall be holidays of the state.
3. All the organs, enterprises, organizations and families shall hoist the national flags of the DPRK on these days.

The Central People's Committee of the Democratic People's Republic of Korea Pyongyang.

Gift Received From Zimbabwean

SK0702045895 Pyongyang KCNA in English 0448 GMT 7 Feb 95

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—The great leader Comrade Kim Chong-il, on his birthday, received a gift from Dumiso Dabengwa, Politburo member of the Central Committee of the Zimbabwe African National Union-Patriotic Front and minister of Interior of Zimbabwe.

Handing the gift to the ambassador of the Democratic People's Republic of Korea to Zimbabwe on February 2, he said:

"The great leader President Kim Il-song and the great leader Comrade Kim Chong-il did everything to support the struggle of our people for independence. Our people will always remember that.

"I wish Comrade Kim Chong-il good health and a long life.

"I, carrying the unanimous wishes of our people for a long life in good health of the great leader Comrade Kim Chong-il, present this gift to him on his birthday."

Stamps Commemorate Birthday

SK0602053695 Pyongyang KCNA in English 0449 GMT 6 Feb 95

[FBIS Transcribed Text] Pyongyang, February 6 (KCNA)—The Ministry of Post and Telecommunications of the Democratic People's Republic of Korea issued postage stamps, postcards and envelops commemorating the birthday of the great leader Comrade Kim Chong-il (February 16, 1942).

The stamps include the small souvenir sheet "the dear leader giving on-the-spot guidance in the Yongsong machine complex" and the sheetlets "the dear leader giving on-the-spot guidance in the Martyrs' Cemetery on Mt. Taesong", "the dear leader giving on-the-spot guidance in the completed West Sea barrage" and "the great leader and the dear leader guiding a military training".

The stamps show the leadership feats and noble personality of Comrade Kim Chong-il who is wisely organising and leading the work of the party, the state and the revolutionary Armed Forces as a whole.

Included in the stamps is a stamp showing the Monument of Ode written by the great leader President Kim Il-song in praise of Comrade Kim Chong-il against the background of the old home in the Mt. Paektu secret camp where Comrade Kim Chong-il was born and the "Chong-il Peak".

The Ministry of Post and Telecommunications published a commemorative postcard depicting Kimchongilia and a commemorative envelop with a picture of the old home in the Mt. Paektu secret camp.

Birthday Called 'Greatest Holiday'

SK0702044295 Pyongyang KCNA in English 0433 GMT 7 Feb 95

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—A decree of the Central People's Committee of the Democratic People's Republic of Korea on designating February 16, the great leader Comrade Kim Chong-il's birthday, as the greatest holiday of the nation was published.

The decree says:

To convey and glorify through generations the immortal feats performed by Comrade Kim Chong-il for the development of our revolution and the world revolution and keep them always in memory, the Central People's Committee of the DPRK, representing the unanimous desire of all the Korean people and the world revolutionary people, decides as follows:

1. February 16, the historical day when the dear leader of our party and our people Comrade Kim Chong-il, the great successor to the revolutionary cause of chuche and supreme commander of our revolutionary Armed Forces, was born, shall be celebrated as the greatest holiday of the nation.
2. February 16 and 17 every year shall be holidays of the state.
3. All the organs, enterprises, organizations and families shall hoist the national flags of the DPRK on these days.

The decree also says:

Born in Mt. Paektu, the holy mountain of revolution, on Feb. 16, 1942, Comrade Kim Chong-il has devoted his all to the party and the leader, the motherland and the people till today in the whole period since he started on the road of revolution, cherishing it as his lifelong mission to carry the revolutionary cause of chuche pioneered by President Kim Il-song to accomplishment through generations.

It is the unshakable faith and iron will of our party and people to always have Comrade Kim Chong-il at the head of the party and the revolutionary Armed Forces and remain faithful and devoted to him.

On February 7, 1992, three years ago, the great leader President Kim Il-song endorsed a decree submitted by the Central People's Committee of the Democratic People's Republic of Korea on designating February 16, the birthday of Comrade Kim Chong-il, as the greatest holiday of the nation.

But the decree was not published due to the repeated dissuasion of Comrade Kim Chong-il who is possessed of absolute loyalty and noble moral sense of duty to always hold only President Kim Il-song in high esteem, and his unbounded modesty.

The decree of the Central People's Committee of the DPRK, which has been kept from promulgation, is now being published with full consideration given to the intention of President Kim Il-song in his lifetime and the unanimous demand and earnest wish of the whole party, the entire army and all the people.

Birthday Celebrated Abroad

SK0702045395 Pyongyang KCNA in English 0438 GMT 7 Feb 95

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—Celebrations have been held in different countries on the birthday of the great leader Comrade Kim Chong-il.

A joint meeting was held in Moscow.

A message of greetings to Comrade Kim Chong-il from the Standing Committee of the "Peace and Today" Committee of Russia was adopted at the meeting.

A picture "Magnolia" presented by Painter Nikolay Kozhukhovskiy to Comrade Kim Chong-il was handed to the ambassador of the Democratic People's Republic of Korea to Russia.

Aleksandr Khalturin, chairman of the Standing Committee of the "Peace and Today" Committee of Russia, in his speech at the meeting said that socialism will surely emerge victorious in the DPRK because it is guided by Comrade Kim Chong-il.

Noting that the world people have deep respect for the DPRK, its leadership in particular, he said that Korea has become a beacon of hope for the world people.

He wholeheartedly wished Comrade Kim Chong-il good health and a long life for the accomplishment of the socialist cause and the happiness and prosperity of the Korean people.

Explanatory sessions on the brief history of Comrade Kim Chong- il, exhibitions of works, photographs and arts and crafts, roundtable talks, press conferences, DPRK film weeks and other functions were held by the Maputo City Committee of the Frelimo Party of Mozambique, the Harare Provincial Committee of the Zimbabwe African National Union-Patriotic Front and the Polish Association of Non-Religious Culture and in Toamasina city of Madagascar, Palime city of Togo, Malabo city of Equatorial Guinea and New Delhi of India.

Korean film shows and lectures were arranged in Kinshasa, Zaire, at the National Maritime Police Command of Angola and the Police School of Zambia.

"February 16 Cup" soccer games took place at Conakry Stadium, Guinea.

Library Opens in Togo 2 Feb

SK0702045595 Pyongyang KCNA in English 0441 GMT 7 Feb 95

[FBIS Transcribed Text] Pyongyang, February 7 (KCNA)—The Kim Chong-il Library opened its doors in Palime city, Kloto Prefecture, Togo, on the threshold of the birthday of the great leader Comrade Kim Chong-il.

Exhibited in the library were famous works of the great leader President Kim Il-song and Comrade Kim Chong-il and Korean books.

The opening ceremony held on Feb. 2 was attended by the governor of Kloto Prefecture, the secretary of the prefectural government, the mayor of Palime, the chairman of the City Council and other officials of the prefecture and the city and citizens.

It is pointed out in an opening address that it is a great honor to open the Kim Chong-il Library in a beautiful city northwest of Togo on the occasion of the birthday of Comrade Kim Chong-il, the great leader of the Korean people, and that the library will serve as a seat for the people in West Africa to learn from Comrade Kim Chong-il.

The prefectural governor and the DPRK ambassador to Togo made speeches at the opening ceremony.

'February 16 Art Prize' Contest

SK0402103295 Pyongyang KCNA in English 1021 GMT 4 Feb 95

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—The fifth individual contests for "February 16 Art Prize" were held here from January 31 to February 2.

The contests have been held every year from 1991 to celebrate the birthday of the great leader Comrade Kim Chong-il.

Participating in the contests this year were above 200 artistes from 20 units including central and local art troupes, art propaganda teams and art universities.

National music and dance pieces put on the stage represented on a high ideological and artistic plane today's happy looks of the Korean people and their march under the leadership of the great party.

Officials Attend Meeting on Kim Chong-il Message

SK0602045395 Pyongyang KCNA in English 0432 GMT 6 Feb 95

[FBIS Transcribed Text] Pyongyang, February 6 (KCNA)—A meeting for conveying a congratulatory message of the great leader Comrade Kim Chong-il to the members of the League of Socialist Working Youth and the members of the Children's Union who had participated in the march along the route of the "250-mile journey for national liberation" was held before the statue of the great leader President Kim Il-song erected in Popyong, Kim Hyong-chik County, Yanggang Province, northern part of Korea, on February 5.

Present at the meeting were Kim Chung-nin, secretary of the Central Committee of the Workers' Party of Korea; Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth, and other officials concerned.

The participants in the meeting laid floral baskets and bouquets before the statue of President Kim Il-song and made a deep bow.

The congratulatory message of Comrade Kim Chong-il was read out by Secretary Kim Chung-nin.

In his report at the meeting, Chairman Choe Yong-hae said that the congratulatory message sent by the respected general is a bright torchlight more clearly indicating the road of the school children toward a hopeful future under the leadership of the party and a great programme which they should hold high forever.

Today the school children are faced with the tasks to firmly prepare themselves to be dependable successors to the revolutionary cause of chuche, upholding the congratulatory message sent by respected General Kim Chong-il, he noted.

Saying that the basic trait which the school children should establish is the pure loyalty of believing in and following only the great leader General Kim Chong-il, he stressed that they should study hard and live a sound life from their childhood as taught by the general.

Speeches were made by marchers at the meeting.

A letter of loyalty to Comrade Kim Chong-il was adopted at the meeting.

Meetings Held To Mark 'On-the-Spot Guidance'

SK0702104495 Pyongyang Korean Central Broadcasting Network in Korean 0100 GMT 5 Feb 95

[FBIS Translated Text] Hungnam fertilizer complex and Yongsong machinery combined general bureau held report meetings on 4 February at their respective locations to mark the 30th anniversary of the on-the-spot guidance by the great leader [suryong] Comrade Kim Il-song and the great leader [yongdoja] Comrade Kim Chong-il in February 1965. Hyon Chol-kyu, responsible secretary of South Hamgyong provincial party committee and chairman of South Hamgyong provincial people's committee, functionaries concerned, labor innovators, members of Three Revolutions Teams, and employees attended the report meetings.

The attendees paid silent tribute in memory of the great leader Comrade Kim Il-song, who stepped on the road of revolution in his early days, accomplished the historic cause of the liberation of the fatherland, built a strong socialist country of independence, self- reliance, and self-defense on this land, and energetically worked until the last moment of his life for the fatherland and people, and for the party and revolution.

In the report meeting held at the Hungnam fertilizer complex, Choe Chin-song, responsible secretary of the party committee of the complex, gave a report. In the report meeting held at Yongsong machinery combined general bureau, Kim Kwang-su, responsible secretary of the party committee of the general bureau, gave a report.

Chongnyon Publisher Visits Kim Il-song Statue

SK0602050095 Pyongyang KCNA in English 0445 GMT 6 Feb 95

[FBIS Transcribed Text] Pyongyang, February 6 (KCNA)—Kim Won-taek, director of the Kuwol Sobang Publishing House under the General Association of Korean Residents in Japan (Chongnyon), on Feb. 4 called at the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and laid a bouquet before bowing.

The director said:

It is the iron will of overseas compatriots that Generalissimo Kim Il-song is immortal and our country is growing stronger as there is our respected General Kim Chong-il who has flawlessly personified the gift of the great leader Generalissimo Kim Il-song and brilliantly carried forward the revolutionary cause of chuche started by him.

He said that he will hold respected General Kim Chong-il in high esteem and devote to the general the loyalty and filial piety, which he failed to fully devote to the great leader Generalissimo Kim Il-song, true to his behests.

Continued Innovations in Production Reported

SK0402150395 Pyongyang KCNA in English 1501 GMT 4 Feb 95

[FBIS Transcribed Text] Pyongyang, February 4 (KCNA)—Industrial establishments of Korea are effecting continued innovations in production this month after fulfilling their January plans.

The Anju, Pukchang, Sunchon, Kaechon and Tokchon area coal complexes are now carrying out their daily assignments at 120 percent.

The East Pyongyang Thermal Power Plant, the Changchagang Power Station and the Kanggye Youth Power Station are overfulfilling their daily quotas.

The Kim Chong-tae General Electric Locomotive Works, the Yongsong Associated Machinery Bureau and the Taean Heavy Machine Complex hit their January targets respectively at 105 percent, 103.2 percent and 103 percent and are reporting innovations in the production of electric locomotives and ordered equipment.

Railway workers transported 130,000 more tons of freight than the plan in recent 20 days.

The Associated Bureau for the Mining Machine Industry and the Associated Bureau for the Automation Industry are keeping a high and steady rate of production.

10 May General Works 'Model' of Self-Reliance

SK0602231595 Pyongyang KCNA in English 1504 GMT 6 Feb 95

[FBIS Transcribed Text] Pyongyang, February 6 (KCNA)—The May 10 general works overfulfilled its assignments for the first month of the year by 14 percent. Entering this month, it is topping its daily quotas by 30 percent.

The general works, one of the nation's mighty mining machine production bases, is widely known to the country as "model unit of self-reliance".

It has erected its buildings in an area of thousands of square metres and manufactured machine tools for itself, thus remarkably increasing its production capacity and making a great contribution to the development of the mining industry of the country.

In recent years, the works remodeled 10 odd heating furnaces to increase their efficiency and built material, fuel and tool production bases, thus laying solid material and technical foundations. At the same time, it achieved signal successes in the fulfilment of the national economic plan through an active introduction of new technical innovation proposals.

It fulfilled its plan for last year at 122.7 percent, while saving 3,000 tons of anthracite, 3,700,000 kilowatt-hours of electricity and 57,000 man days' labour.

When it was founded it was a small machine factory producing accessories with a few machines.

The great leader Comrade Kim Chong-il has long since paid a deep attention to the works to build it into the nation's leading mining machine producer.

He gave on-the-spot guidance to the factory on several occasions and indicated in detail the prospect and ways of its development.

When he visited the factory in June 1968, Comrade Kim Chong-il assigned to the workers there the task to manufacture a multi- purpose coal-cutter and told them to solve difficult problems arising in the production of mining machines in the revolutionary spirit of self-reliance.

Later he sent to the factory a 110-milimetre drilling machine, multi-purpose tool grinding machine and other kinds of machine tools, testing and measuring instruments and cutting tools.

To fulfil the tasks set by Comrade Kim Chong-il, the workers there made a multi-purpose coal-cutter in a short period as well as a twin-cylinder coal-cutter, a large ore crusher and other mining machines by their own efforts and technology, thereby making a great contribution to the development of the mining industry.

The Anju area coal complex, the Sunchon area coal complex, the Komdok mining complex and other coal and ore mines are vigorously promoting the work of equipping itself with large, modern and high- speed mining machines turned out by the works.

The works consists of forging, casting, pressing, processing and other workshops. These workshops are modernly equipped and their production processes are semi-automated and automated.

36.8 percent of its workers are technicians and specialists.

Its production capacity has greatly increased. The processing capacity had grown 286 times, the variety of products 10.3 times and the gross industrial output value 27.4 times by the end of last years as against 1968.

Formula for Founding Confederal State Hailed

SK0702132495 Pyongyang Korean Central Broadcasting Network in Korean 0630 GMT 6 Feb 95

[Unattributed talk: "The Fairest Formula for Founding the Democratic Confederal Republic of Koryo"]

[FBIS Translated Text] The great leader Comrade Kim Il-song taught: We believe the formula for founding the Democratic Confederal Republic of Koryo [DCRK] is the nation's fairest common way of reunification that can become the basis of national consent.

The formula for founding the DCRK expounded by the respected and beloved leader Comrade Kim Il-song at the Sixth Congress of the Workers Party of Korea is the nation's most realistic and fairest common way of reunification which enables the North and the South to achieve national reunification without trampling down on each other's interests or fighting with each other under the circumstances that no one side is making concessions. Different ideologies and systems have existed for a long time in the North and South of our country. In order to achieve the nation's reconciliation and unity and peacefully realize the country's reunification under such circumstances, one side should not consider as an absolute its ideology and system and should not call for reunification according to one system.

Under the circumstances in which two different ideologies and systems exist in the North and South of our country and neither of the two sides is willing to give up its ideology and system, the only road to achieve national reconciliation and reunification without fighting with each other or trampling down on each other's interests is the confederal system.

Ideology and system should be chosen by the people themselves. The country's reunification cannot be realized by the means of one side forcing its ideology and system on the other side. On the contrary, it could further aggravate confrontation within the nation and bring about a new national calamity.

The difference in ideology and system within the nation should be overcome gradually by strengthening the national unity on the basis of the nation's common interests, not by using force.

The difference in ideology and system between the North and South can never become a factor that destabilizes reunification. If the two systems are based on the national commonness that has ceaselessly continued in history, the two systems can easily coexist within one nation, one reunified country. This is made evident by the fact that the proposal for founding the DCRK is the quickest and most assured way to peacefully realize national reunification in our country's reality.

The formula for founding the DCRK pays equal regard to the interests of both the North and South. The formula expounds that the reunified government be formed with the same number of representatives from the North and South and a few number of representatives of overseas Koreans, thus directing local governments in the North and South and governing overall works of a confederal state.

The reunified government will discuss and decide on common issues concerned with the overall interests of the nation and the country on the principle of fairness in conformity with the entire nation's desires for unity, collaboration [hapchak], and reunification, and will accelerate the works for the development of the nation and the country. In addition, the reunified government will be in charge of the works that will realize unity and collaboration [hapchak] between the North and South in all fields; value social systems and administrative organizations, and every opinion of each party, each faction, and each stratum; and will check whether one side imposes its intention upon other.

The local governments in the North and South will carry out independent policies within the framework of meeting the interests and demands of the entire nation. As the result of reunifying the country by founding the DCRK, the North and South will be able to realize the nation's long-aspired reunification without trampling on each other's interests, and to display its proud feature as a reunified nation to the entire world.

Truly, the formula for the DCRK is the most reasonable formula which correctly reflects the entire Korean people's national aspiration and interests, and our country's concrete reality. It is also a chuche-oriented fatherland's reunification program, the nation's common way for reunification, which elucidates a short cut to peacefully realize reunification by the Korean nation's own strength without outside interference. This formula can be put forth only by the great leader Comrade Kim Il- song who exerted efforts without sleep or rest to embrace our people with the gift of the fatherland's reunification and wisely led our nation's reunification movement from the first day the country was divided.

Due to its practicality and justness, the formula for founding the DCRK has won full support and evoked accord from the entire nation and the world's progressive people form the first day it was announced and its exerting more and more influence with each passing day.

A joint meeting of the political parties and organizations of the DPRK held in Pyongyang on 24 January solemnly proposed that 15 August serve as momentum in grandly celebrating the 50th anniversary of the country's liberation and that a great national conference be held to discuss the common way of national reunification.

If the nation's representatives gather at one place and arrive at one understanding, thus defining the common way of national reunification, the entire nation in the North, South, and overseas would be able to unite their strength toward their common goal and take concerted action to wage the nation's reunification movement. As a result, the nation's long-aspired fatherland reunification would be further accelerated.

The formula for reunifying the country through a confederal system is a primary principle of the reunification method that is in accordance with the current situation of our country.

Babbling that the North and South cannot but remain divided in two countries until systems are simplified because the North and South are heterogeneous, puppet traitor Kim Yong-sam, who does not welcome the national reunification through the formula for founding the DCRK, even said the reunification through a so-called liberal democratic system is his dream and goal. It is a fact that two different systems and governments exist in the North and South, and no one side is making concessions. However, calling for reunification according to one state and one system under such condition means that it will endlessly maintain division. This ultimately means that they do not want to achieve reunification.

Attitude toward the formula for founding the DCRK is a touchstone that distinguishes the reunification position and the splittist position.

If the Kim Yong-sam traitorous group truly has an interest in the country's reunification, it should accept at once our formula for reunification through a confederal system which totally meets the time's demand and the nation's desire for reunification, instead of dreaming about reunifying the country through a so-called liberal democratic system which is nothing but an unrealistic daydream.

The reunification of the fatherland is our nation's independent cause which can never be realized by others. Today, our nation's vigor for reunification is getting unprecedentedly stronger and the future of national reunification is bright. No one can break our nation's will to end the tragedy of national division and to erect one reunified nation nor can they check the nation's march toward the reunification in the nineties.

Because there is the wise leadership of Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, who upholds the high intentions of the respected and beloved leader Comrade Kim Il- song and the formula for founding the DCRK, the common way of national reunification, the fatherland's independent reunification is certain.

Seventy million fellow countrymen in the North, South, and overseas should firmly unite under the banner of the 10-point program of great national unity and unfailingly realize the fatherland's reunification.

South Korea

Meeting Between Kong, Christopher Reported

SK0702024795 Seoul YONHAP in English 0235 GMT 7 Feb 95

[FBIS Transcribed Text] Washington, Feb. 6 (YONHAP)—South Korean Foreign Minister Kong No-myong and his American counterpart Warren Christopher reaffirmed Monday [6 February] that the improvement in relations between Pyongyang and Washington should be pursued in parallel and harmony with progress in inter-Korean relations, according to Foreign Ministry Spokesman Chang Ki-ho.

During a formal meeting between Kong and Christopher held at the U.S. State Department Monday afternoon, the two also agreed that Washington must closely cooperate with Seoul in deciding the opening date for liaison offices in the capitals of North Korea and the United States, according to Chang.

Kong and Christopher reiterated that meaningful progress in inter-Korean talks is essential for substantial improvements in Washington-Pyongyang relations, said Chang who added that the two also agreed to make joint efforts to lead North Korea towards inter- Korean dialogues.

Kong is also reported to have asked Christopher to link the signing of the contract between the Korea Energy Development Organization (KEDO) and North Korea on the provision of light-water nuclear reactors to North Korea and the decision to open liaison offices in the capital cities of the United States and North Korea.

The South Korean foreign minister emphasized to Christopher the Seoul government's position that Washington should not hasten to establish a liaison office in Pyongyang while North Korea continues to refuse to accept South Korean standard nuclear reactors, according to diplomatic sources here.

The two sides then shared the view that there is a lack of alternatives to the plan for South Korean light-water nuclear reactors to be provided to North Korea for political, financial and technical reasons, the sources said.

Kong, however, fell short of demanding that Washington should directly link the move to the opening of liaison offices between Pyongyang and Washington to the resumption of talks between South and North Korea, although he stressed that it is undesirable for the United States to improve relations with North Korea when the two Koreas maintain tense relations, said the sources.

Christopher, meanwhile, welcomed the planned visit by President Kim Yong-sam to Washington around July 27 to attend a ceremony to unveil a monument commemorating American soldiers who fought in the Korean War, according to Foreign Ministry Spokesman Chang ki-ho.

The two agreed on the need to normalize the Military Armistice Commission (MAC) to observe the existing armistice treaty and reaffirmed the importance of the continued presence of American military forces in the Korean peninsula for peace and security on the Korean peninsula and Northeast Asia, said sources.

Kong appreciated that the United States' strategic policy on the Korean peninsula based on the maintenance of American troops on the peninsula at its current level strengthened the alliance between the two countries, they said.

During the day, Kong also met with U.S. Trade Representative Mickey Kantor, National Security Adviser Anthony Lake, Defense Secretary William Perry and other administration officials on a variety of trade, security and nuclear issues.

Pointing out the possibility of Carlos Salinas withdrawing from the three-way competition for the first director general of the World Trade Organization (WTO), Kong appealed to U.S. officials to support Kim Chol-su if Salinas recedes, the sources said. The United States and virtually all other South and North American countries support Salinas in the race for the WTO top post.

At the meeting with Kong, Kantor requested that South Korea further open its automobile market to U.S. carmakers, make further efforts to protect intellectual property rights of United States products and abolish discriminatory measures against American cigarettes marketed in Korea, said the sources.

Kong and Kantor, however, agreed for experts on trade between the two countries to negotiate the issues at working-level officials' meetings afterwards, said the sources.

Daily Comments on Meeting

SK0702083495 Seoul CHUNGANG ILBO in Korean 7 Feb 95 p 3

[Editorial: "It Is Important To Abide by the ROK-U.S. Pledge"]

[FBIS Translated Text] At the 6 February meeting between the ROK foreign minister and his U.S. counterpart, once again the two countries pledged to closely discuss and cooperate with each other in the process of implementing the DPRK-U.S. Geneva talks on the improvement of relations between the United States and North Korea. This is nothing new since this pledge has been repeated every time there has been an opportunity.

However, what we simply want to stress is that we had the opportunity to coordinate the policy on North Korea with the United States for the first time since the new diplomatic and security team set sail. We can say that it is an opportunity to bring to the fore the new team's clearer and more resolute character in contrast to the former team, which was considered as being somewhat idealist.

Also, since the deadline to conclude the agreement on the supply of the light-water reactor established between the DPRK and the United States is only two months away and considerable progress has been achieved in the working-level negotiations to open liaison offices between the DPRK and the United States, this is an opportune time to hold consultations between high-ranking policy-making authorities. Moreover, since the South-North Korean dialogue, which was agreed to run parallel with the implementation of the agreement, has not shown progress at all due to North Korea's excuses, there were suspicions that the United States may be dragged along according to North Korea's intention.

From this aspect, the announcement of the result of the ROK-U.S. foreign ministers' meeting appears that it brought about the results we had anticipated. It is fair to have repeatedly emphasized that if the DPRK-U.S. relations are to be normalized, the principle that issues such as South-North dialogue as well as the disposition of North Korea's conventional military strength, human rights, and terrorism must also be resolved. It is also fair to have agreed that, leaving no room for compromise, resolute measures will be taken if another type of light-water reactor is adopted other than the ROK-type, and in connection with North Korea's continued scheme to conclude an exclusive peace agreement with the United States, the United States repeatedly pledged that it will reject such a proposal.

We have in fact been hearing all of these promises over and over. The reason this is being repeatedly emphasized is that there is concern that this may end being only diplomatic rhetoric. Such suspicions arise in the process of the DPRK-U.S. contact which is being held without our participation. U.S. actions have not been clear. In addition, the general understanding of the ROK people is that after resolutely making promises to us, the United States has sneaked off in every crisis. The United States must support its pledge this time with actions so that such concern is completely wiped out.

DPRK UN Mission Seeks U.S. Firms' Investment

SK0702072795 Seoul CHUNGANG ILBO in Korean 7 Feb 95 p 2

[New York-based correspondent Yi Chang-kyu]

[FBIS Translated Text] The North Korean mission to the UN in Manhattan, which has a reputation for being the chilliest building in New York, is brisk with activity these days as it plays its full role as an advanced base for the North's policy of openness. As evidenced by its recent invitation to 10 U.S.-based enterprises to visit Pyongyang, North Korea is frequently contacting Korean- American businessmen residing in the United States.

The channel of contacts is the North Korean mission to the UN in New York. Although this involves consular business, which is not the UN mission's function, North Korean diplomats from the mission are directly involved in business arrangements since North Korea does not have a consulate in the United States. Since the nuclear issue has been settled for now, the North Korean mission seems to be concentrating on carrying out its instructions from Pyongyang regarding business arrangements. The North Korean mission not only makes secret contacts with major U.S. businesses, but makes frequent individual contacts with Korean-Americans interested in advancing into North Korea.

However, Korean-Americans who have visited North Korea to explore investment opportunities show only a lukewarm response at present.

Korean-American businessmen feel the North Korean labor force is quite satisfactory, but its infrastructure—such as electricity—is in very poor shape; this does not even take into consideration the government's restrictive measures. Moreover, the North Koreans state Pyongyang will supply only labor, while everything else, such as machinery and funding, should be supplied by the businesses based in the United States. As for the machinery brought into North Korea by these enterprises, Pyongyang is making the absurd claim that the ownership of the machinery should be transferred to North Korea after the passage of a certain period of time.

U.S., PRC Urged To Settle Trade Conflict

SK0702092195 Seoul KYONGHYANG SINMUN in Korean 7 Feb 95 p 3

[Editorial: "World Trade Order Should Also Be Considered"]

[FBIS Translated Text] The world is now watching with concern the trade friction between the United States and the PRC caused by a dispute over intellectual property rights. We wonder if the two countries' trade conflict will really lead to a trade war, which would bring about a vicious cycle of reciprocal retaliations. It is not very likely that "an all out trade war" will be brought about at this time. But, if such a thing should happen, it would have very negative effects on the entire world trade.

This is why the countries of the world are unanimously wishing that the two countries settle the conflict through rational dialogue and negotiations. In fact, we believe that neither the United States, which has issued "a declaration of war" by making public its intention to impose retaliatory 100 percent tariffs over 35 items worth $1 billion, nor the PRC, which has immediately taken a seven- point retaliatory measure to counter the latest U.S. measure, really wants "a trade war." We think their real intention is to secure a bargaining chip to use at the negotiation table by trying to find a series of justifications. Such tactics by the two sides can be clearly seen by the fact that the United States has proposed resuming negotiations, and the PRC has accepted it as if it had been waiting for such a proposal.

Our country, which maintains close trade relationships with the two countries, also wishes the two sides would reach a smooth settlement by the final deadline (0000 on 26 February). Some people seem to expect we will be able to profit from this situation, if the two countries wage a trade war and the PRC comes up against a snag in its trade with the United States. But, such an idea is based on too naive an arithmetic. The vacuum in the PRC's exports to the United States can be filled by Thailand or Malaysia, which export cheap goods. Furthermore, we better take note of the negative effects that will be brought about by the sluggish activities of our enterprises within the PRC and by the worsening world trade environment.

We think the PRC should, first of all, take a more sincere measure toward the U.S. side's request to protect intellectual property rights. A general opinion is that there is some truth in the U.S. side's allegation that the PRC citizens are illegally reproducing intellectual properties without paying any royalties and money for the use of copyrights. Last year, the PRC enjoyed a trade surplus worth as much as $25 billion in its trade with the United States. We also believe that the PRC now needs the U.S. cooperation in connection with its wish to join the World Trade Organization (WTO).

At the same time, we cannot help but point out that there is also some problem in the U.S. side's method of conducting trade-related negotiations by resorting only to a hard-line policy. Also in May 1994, the two countries experienced friction over the question of extending the most-favored-nation status to the PRC with regard to the latter's human rights issue. But, the present PRC leadership system, which has no choice but to take into consideration the post- Deng Xiaoping political situation, is stating that it is "ready to fight," while looking at the latest U.S. pressure even from the viewpoint of saving "sovereignty and face."

If the PRC should lose the U.S. market, the country will be faced with a fatal stumbling block in its economic development; and it is inconceivable also for the United States to ignore the PRC market which has a vast potential. We hope that the two countries will reaffirm their common goal to further their own national interests and to promote world trade within a new order by conducting renegotiations.

PRC Officials Explore Nuclear Cooperation Issue

SK0702141695 Seoul YONHAP in English 1054 GMT 7 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 7 (YONHAP)—Visiting officials of the China National Nuclear Industry Corp. met key industry and nuclear energy officials in Seoul Tuesday to explore possible bilateral cooperation in the area of nuclear energy.

Vice International Trade and Industry Minister Pak Un-so met the Chinese delegation at his office and explained them about South Korea's development experiences and the advanced level of the country's nuclear energy expertise.

A source at the ministry said the Chinese mission headed by the corp.'s Vice President Yi Yulun [name as received] showed much interest in Korea's nuclear technology.

"However, judging from the talks the two sides had, it appears rather premature for the two countries to enter full-fledged cooperation in the area of nuclear energy," the source said.

Earlier in the day, Yi Yulun met Yi Chong-hun, president of the Korea Electric Power Corp. (KEPCO), and Vice Science and Technology Minister Ku Pon-yong, respectively.

The Chinese mission is expected to have a working-level meeting at the Korea Electric Power Corp. Wednesday to discuss the possibility of KEPCO taking part in nuclear power projects in China.

South Korea and China concluded an agreement on bilateral cooperation in the peaceful use of atomic energy during Chinese Premier Li Peng's visit to Korea last October.

Russia, North Agree 'in Principle' on Reactors

SK0702120795 Seoul YONHAP in English 1153 GMT 7 Feb 95

[FBIS Transcribed Text] Beijing, Feb. 7 (YONHAP)—North Korea and Russia have recently agreed in principle that they would see to it that the light-water reactors the West would provide to North Korea should be those of Russian style instead of a South Korean model.

A Russian source here said Tuesday the agreement came during the visit to Pyongyang by the Russian Foreign Ministry's director- general Afanasev on last Jan. 26-28.

During the talks, the source said, the two sides agreed that the reactors should be the Russian style because North Korean atomic energy technicians are familiar with Russian-made reactors since they were trained in the former Soviet Union.

Another reason is that the Russian model is far cheaper than any reactor of the West, he said.

Russia also believes that the Korea Energy Development Organization (KEDO) that handles matters related to the furnishing of reactors to North Korea should involve Russia, China and France, too, in addition to its present participants—South Korea, United States and Japan, the source said.

He added hey understands Russia will soon convey this position to the Clinton administration.

North 'Amassing' Firepower in Armistice Area

SK0702051695 Seoul CHOSON ILBO in Korean 7 Feb 95 p 3

[By reporters Yim Tong-myong and Kang Yong-won]

[FBIS Translated Text] It was learned on 6 February that with the start of the new year, North Korea has continued to build up its offensive artillery firepower by stationing 240 mm multiple rocket launchers and 170 mm self-propelled artillery that can attack Seoul from the armistice line, near the armistice area.

A high-ranking government source revealed: "Late last year, North Korea added 40 units of 240 mm multiple rocket launchers with a shooting range of 70km near the armistice area. An additional 20 of these units were placed there as well. Thus, it has concentrated the deployment of 180 units of the 240 mm multiple rocket launchers whose target range includes Seoul, near the armistice area. Related authorities are closely monitoring the North Korean Army's build up of long-range artillery firepower and are taking measures regarding this matter."

North Korea has also been hastily amassing 170 mm self-propelled artillery (howitzer) with a shooting range of some 50 km since late last year. It was learned that currently some 150 units have been deployed in the vicinity of the armistice area.

Thai Travel Agency: Citizens Cannot Visit North

SK0702015595 Seoul YONHAP in English 0131 GMT 7 Feb 95

[FBIS Transcribed Text] Bangkok, Feb. 7 (YONHAP)—A travel agency here reversed Monday [6 February] its earlier advertisement that South Koreans may visit North Korea during the Pyongyang Sports and Cultural Festival in late April, saying that only overseas Koreans who have foreign citizenship or a permanent residence abroad may visit the communist country during the festival.

A spokeswoman of Merryland Travel Services said Korean International Travel Co. (KITC) of Pyongyang had clarified that overseas Koreans who can visit North Korea during the festival are limited to those having foreign citizenship or a permanent overseas residence, regardless of whether or not they have emigrated from South Korea.

The notification came in response to Merryland's question about the qualifications of overseas Koreans who can visit North Korea for the festival, she explained. Merryland had to ask KITC to specify their stipulations because it received many telephone calls from South Koreans in Thailand after its advertisement for recruiting travelers to North Korea for the festival, she added.

Merryland is waiting for KITC's reply to another question as to whether the South Koreans residing in Thailand on work permits, such as businesspeople and news correspondents, can visit Pyongyang during the festival, she said.

At present some 5,000 South Koreans are in Thailand, but only a very few have acquired the country's nationality or permanent residence.

Merryland is the only travel agency authorized by KITC to make travel arrangements to North Korea here in Bangkok, and it has so far received travel applications for a visit to North Korea for the festival from only nine—two South Koreans, three Japanese and four Americans.

Seoul Halts Firms' Economic Promises to North

SK0702062395 Seoul TONG-A ILBO in Korean 7 Feb 95 p 2

[FBIS Translated Text] It was learned on 6 February that the government recently and strongly warned conglomerate-level groups to refrain from indiscriminately making promises of economic cooperation to North Korea.

Such a warning by the government is based on an assessment that since November last year, a great many individual enterprises, while contacting North Korea, have made "promises" that ignore the original conditions put forward by the government.

Accordingly, the conglomerate groups have stopped ongoing economic cooperation with North Korea, or have completely withdrawn. Therefore, North-South economic cooperation is expected to remain cool for the time being.

A high-level government official stated on 6 February: "Since North Korean-U.S. nuclear negotiations are settled, the government has maintained the position that it will carefully carry out North-South economic cooperation. It has been assessed that enterprises have recently and indiscriminately made promises to North Korea in an effort to occupy an advantageous position in advance." He added: "The government clearly informed civilian enterprises that before an inter-government agreement is reached, including investment guarantee agreements, the economic cooperation projects they can undertake will not be able to meet the conditions presented by the government in November last year."

In the November 1994 proposals, the government declared it would allow businessmen to visit North Korea, would activate the consignment processing trade, and would carry out a model economic cooperation project. It also defined as model projects the clothing, toy, socks, bags, shoe, leather, electronic components, and food stuff businesses.

Relevant officials stated: "Since then, however, many enterprises that have contacted North Korea have made promises to carry out all kinds of business, including social overhead capital construction or investment projects. Therefore, they are now in excessive competition with each other."

Along with this, the government has reportedly asked some conglomerate-level groups that have not yet contacted North Korea to delay visiting the North.

North Seeks German Tourists for Sports Festival

SK0702010895 Seoul YONHAP in English 0046 GMT 7 Feb 95

[FBIS Transcribed Text] Berlin, Feb. 6 (YONHAP)—North Korea is collecting tourists here for the Pyongyang Sports and Culture Festival and has already secured a considerable number of applicants, a travel agency here managed by a Korean said Monday [6 February].

Lotte General Tourism Corp., which is gathering tourists for North Korea, said that it has received more than 20 applications for the tourism party which will visit North Korea for the Pyongyang festival to be held in late April.

Yi Yong-chun, president of the travel agency, said that the applicants include Korean Germans and correspondents of the news media. North Korea will examine each application to decide if it will allow the applicant to visit North Korea, Yi said.

The travel agency plans to receive applications from throughout Germany by the end of March, Yi said.

Seoul Withholds Trainer Aircraft From Manila

SK0702065295 Seoul YONHAP in English 0626 GMT 7 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 7 (YONHAP)—South Korea has provisionally withheld its plan to supply the Philippines with three F-5 fighters for free for training purposes, informed official sources said Tuesday [7 February].

Such decision draws keen attention as it was taken amid press reports of the Philippine Government poised to normalize relations with North Korea in March or April, the sources said.

Manila asked for Seoul's provision of some military aircraft when President Kim Yong-sam visited there last November, and the Seoul government was to deliver three F-5 fighters within the year after consulting the matter with Washington, a source said.

South Korea introduced F-5 fighters for combat purposes in the mid-1960s under U.S. military aid program. As they have become obsolete, however, the South Korean Air Force has been using them for combat readiness training, the last stage in the training of combat pilots.

Yi Chang-chun Chosen To Lead APEC Delegation

SK0702084295 Seoul YONHAP in English 0709 GMT 7 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 7 (YONHAP)—The first Senior Officials Meeting (SOM) of the Asia-Pacific Economic Cooperation (APEC) this year will be held from Feb. 12 through Feb. 16 in Hukuoka, Japan, the Foreign Ministry announced Tuesday.

Designed to prepare for the APEC summit and ministerial talks slated for November in Osaka, the five-day SOM will see in-depth consultations on ways how to attain the liberalization of trade and investment in the region by the year 2020, which had been adopted at the Bogor summit in Indonesia last year, according to the ministry.

The Hukuoka session will be attended by 18 member economies' representatives and three observers including the secretariat of the Association of Southeast Asian Nations (ASEAN), the ministry said.

Ambassador-at-large Yi Chang-chun is to lead South Korea's delegation.

Germany's Kohl Congratulates Kim on Convention

SK0602121695 Seoul YONHAP in English 1125 GMT 6 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 6 (YONHAP)—German Chancellor Helmut Kohl on Monday called for change and reform of North Korea, stressing that in this age of great global changes, there is no sign of any reform only in the northern half of the Korean peninsula.

Kohl made the call in a message he, in the capacity of the president of Germany's ruling Christian Democratic Party, sent to President Kim Yong-sam, head of the governing Democratic Liberal Party [DLP], to congratulate him on the upcoming DLP convention.

The German chancellor said South Korea's economy has been expanding at the speediest pace in East Asia.

Stating in the message that no person can now predict when unification of the Korean peninsula could be realized, Kohl who had stage-managed German integration said he is sure unification will be brought about in Korea once all people in the South and the North genuinely aspire for unification.

Chancellor Kohl added in the message he believes the DLP convention would contribute to giving added confidence to the people.

DLP Considers Invitation to Taiwanese President

SK0502043895 Seoul YONHAP in EngLish 0242 GMT 5 Feb 95

[FBIS Transcribed Text] Seoul, Feb.5 (YONHAP)—The ruling Democratic Liberal Party (DLP) is considering inviting Taiwanese President Li Teng-hui to an international meeting of leaders of rightist conservative parties to be held in September in Seoul, according to a ruling party official Sunday.

The DLP plans to invite Li to the meeting as head of Taiwan's ruLing Kuomintang because Kuomintang is a member of the IDU [International Democratic Union], the sponsor of the meeting, said the official.

"The DLP will consult the matter with the government," said the official. "We will include President Li in the list of those invited to the IDU meeting because the IDU meeting is a pure political event which has nothing to do with government-level relations."

Some officials of the DLP, however, voiced concerns over the possibility of the Li's invitation provoking the Beijing government, noting that strong protests from Beijing thwarted Li's planned visit to Hiroshima Asian Games last year.

Decides Not To Invite Li

SK0602060295 Seoul YONHAP in English 0522 GMT 6 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 6 (YONHAP)—The ruling Democratic Liberal Party (DLP) decided Monday not to invite Taiwanese President Li Teng-hui to an international meeting to be held here.

DLP spokesman Pak Pom-chin announced the decision, saying, "It is not a simple question to invite the Taiwanese president, considering the South Korean-Chinese relations."

The DLP had considered inviting Li, who is head of Taiwan's ruling party Kuomintang (Nationalist Party), to the International Democrat Union (IDU) meeting to be held here in September, as Kuomintang is a member of the IDU.

IMF Asks Contribution to Mexican Crisis Relief

SK0502053895 Seoul YONHAP in English 0456 GMT 5 Feb 95

[FBIS Transcribed Text] Seoul, Feb.5 (YONHAP)—The International Monetary Fund (IMF) has recently asked South Korea to take part in the fund's effort to provide Mexico with 10 billion dollars in emergency fund to help the country recover from the ever worsening financial crisis, according to government officials Sunday.

"The IMF, however, said that it would later inform the South Korean Government of the specific amount of money to be contributed by South Korea and how to contribute the amount," said the officials.

They estimated the share of South Korea at about 500 to 600 million dollars considering the fact that South Korea's contribution to the IMF reaches 0.55 percent, although the amount could be negotiable.

The government, however, has yet to decide on whether or how to contribute to the IMF's effort to help Mexico, according to the officials.

President Kim Pledges To Lead 'New Politics'

SK0702082795 Seoul YONHAP in English 0703 GMT 7 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 7 (YONHAP)—President Kim Yong-sam Tuesday warned against the probable repetition of "regionalism-oriented politics," pointing out that separating the people into regions and classes as well as generations and ideologies through antagonism must be "obsolete politics."

President Kim delivered the points in a speech titled "New Start Toward New Politics" that he delivered to the third national convention of the ruling Democratic Liberal Party (DLP) held at the Olympic Athletic Stadium in southern Seoul.

Upon being reelected as the DLP president at the national convention, Kim emphasized in his speech that the government party must lead the new politics by "globalizing" itself.

"It is time to have great politics make the people united to advance into the world and realize their aspiration for national unification," he remarked.

Kim emphasized that the "irresponsible politics that neglects people's livelihood and abandons national interests through unnecessary political strife must disappear."

The president stressed the need for the party to rally for the unity of the people and to devote itself to the people's welfare and happiness under the principle of representative democracy.

"To this effect, the Democratic Liberal Party must be the delivery room for change and reform," he said.

In connection with the party's globalization scheme, Kim called on the party to lead "new politics," particularly after its rebirth as a political party for the people, democracy, national policies, new generation and national unification.

"Globalization is like a wagon driving on two wheels of reform and stability," he stated.

President Kim also indicated at his intention to admit figures from the outside of the party, saying that the DLP will open its door to welcome experts from all walks of social life and the prospective leaders in the 21st century.

"We should make the party develop into a future-oriented one cultivating the leaders of new generation," he said.

While claiming the party must be the center of national stability, Kim added his party will devote itself to promoting the stability of the middle class and developing policies for their welfare.

Students Reportedly Plan Preconvention Protest

SK0702041695 Seoul KBS-1 Radio Network in Korean 0310 GMT 7 Feb 95

[FBIS Translated Text] Tge Seoul Police Agency has obtained information that college students are planning to stage demonstrations in connection with the national convention of the Democratic Liberal Party [DLP] today, and instructed a strengthening of the guard on DLP facilities and major government installations in Seoul.

The police said that some 150 students from the Seoul District Federation of General Student Councils [Sochongnyon] are planning to stage a symbolic struggle by distributing leaflets in the Kwanghwamun and Chong-ro areas of Seoul this afternoon.

Yi Chun-ku Elected New Chairman of Ruling DLP

SK0702071195 Seoul YONHAP in English 0704 GMT 7 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 7 (YONHAP)—The ruling Democratic Liberal Party (DLP) elected Rep. Yi Chun-ku as its new chairman at its national convention Tuesday [7 February] afternoon.

President Kim Yong-sam, who also heads the ruling party, nominated Rep. Yi for the post of DLP [Democratic Liberal Party] chairman shortly after he was reelected to the party presidency earlier in the party convention held at the Olympic Athletic Stadium in southern Seoul. Upon the president's nomination, Yi was endorsed unanimously by convention delegates.

Yi's election as DLP chairman restored to normal the party's leadership system that had been unstable since Kim Chong-pil resigned his chairmanship on Jan. 19.

Sources at the party said that Yi's election to the post will herald an earnest start of "generational shift" in the leadership of the government party, political pundits said.

A DLP official explained that Yi's emergence at the helm of the party will prompt generational shift in the party's hierarchy, even predicting the possibility that the so-called "core and influential figures" are excluded from the "power posts."

The new chairman will chair a Central Executive Council meeting Wednesday morning, where all council members are to submit their resignation to pave the way for a new line-up of major party posts.

Party President Kim and Chairman Yi will complete appointing new secretary-general and chief policymaker of the party and a vice National Assembly speaker to replace Rep. Yi Chun-ku by Thursday, an informed source said.

Another DLP source predicted that new secretary-general will be selected from among figures of the "Minju (Democratic)" faction as the chairman belongs to the "Minjong (Democratic Justice)" faction.

But other major posts such as chief policymaker are likely to be selected from among the Minjong camp, the source said.

However, two or more candidates are expected to be nominated to compete for the post of floor leader in a party caucus, sources said.

Figures now being talked of as candidates for the secretary-general's post are Reps. So Chong-won, Kim Pong-cho and Kim Tok-yong, all from the Minju faction, while Reps. Sin Sang-sik and Pak Chong-su are influential candidates for the post of chief policymaker.

Party sources said President Kim is expected to nominate two or more candidates from among Reps. Pak Chong-su and Hyon Kyong-tae of the Minjong faction and Reps. So Chong-won and Kim Chong-su of the Minju faction to run for a limited open contest for the floor leader's post.

Kim Yun-hwan is likely to be retained as first state minister for political affairs while incumbent floor leader Yi Han-tong is expected to become the vice National Assembly speaker, vacated by Yi Chun-ku.

New DLP Chairman Yi Emphasizes Party Unity

SK0702120295 Seoul YONHAP in English 1050 GMT 7 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 7 (YONHAP)—Yi Chun-ku, new chairman of the ruling Democratic Liberal Party [DLP], said Tuesday afternoon he would run the party with emphasis on party unity.

"Our party has always been seen being stricken by intra-party frictions because the party lacked chemical integration despite the lapse of a long period of time after the merger," Yi said in his first press conference.

Meeting the press at the VIP room of the Olympic Gymnasium upon his being named as new DLP chairman, Yi said that now that a mechanism has been laid for the party's democratization, he would see to it that the party will be democratized in a genuine sense.

Asked if his nomination weren't part of the effort to soothe the disgruntled people of the Chungchong Province area, the power base of former Chairman Kim Chong-pil, lee, himself a Chungchong man, simply said this is a time to dispel the practice of linking regionalism to politics.

Yi, presently National Assembly vice speaker, said that since an assembly vice speaker cannot hold a key party duty simultaneously, he would resign as vice speaker very shortly.

Rejecting some opinions that Yi, a general-turned politician, is not suited to the promotion of globalization, he said it is ridiculous to argue that some one is fit for globalization and some one is not.

"I am proud of having served in the military as a senior officer and since I joined politics I haven't done anything shameful," he said.

Yi Hoe-chang: No Intention of Joining Party

SK0702064195 Seoul YONHAP in English 0612 GMT 7 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 7 (YONHAP)—Former Prime Minister Yi Hoe-chang said Tuesday [7 February] that he has no intention of joining a political party or engaging in political activities, dismissing reports that he may run for the mayorship of Seoul on the main opposition Democratic (DP) Party's ticket.

Yi was answering to questions raised by participants of a meeting of Sawol-hoe (April meeting), headed by lawyer An Tong-il, where he was invited to take part in a debate.

The former prime minister also said that he is not in a position to comment on the so-called "generational shift" theory, by which new generation of politicians calls for an end to "the era of three Kims"—President Kim Yong-sam, former chairman of the ruling Democratic Liberal Party (DLP) Kim Chong-pil and former opposition leader Kim Tae-chung.

While delivering a speech to the meeting under the title of "Globalization and the Rule of Law," Yi said, "The government seems to be taking pains to project 'globalization' as a new policy even though it basically does not differ much from 'internationalization that was set forth as a policy direction by the government early last year.

"From the standpoint of the coherence of the national administration, it could rather cause confusion among the public."

Meanwhile, a close aide to the former prime minister said that Yi had recently accepted an offer to meet with Rep. Kang Chang-song of the largest opposition DP but later canceled the appointment because he was worried that the meeting could be politically used by politicians.

The debate was attended by several lawmakers and lawyers including Rep. Cho Yong-chik of the ruling Democratic Liberal Party (DLP) and Yi Pu-yong of the opposition DP.

Seoul 'Master Plan' for Development Reported

SK0602060395 Seoul YONHAP in English 0539 GMT 6 Feb 95

[FBIS Transcribed Text] Seoul, Feb. 6 (YONHAP)—A fairway chiefly for freighters will be made on the Han River in the Seoul metropolitan area by 2005, under the city's master plan to develop the capital into an international urban center.

For this purpose, the river's section between the underwater weirs in Singok and Chamsil will be dredged, and a canal will be constructed between Inchon and Seoul so that ships may cruise from Inchon to as far upstream as Chamsil.

The city will select private company investors for the dredging work next year and will complete the engineering plan in 1997.

The plan also calls for a five-year exemption of acquisition, property, land, corporate and income taxes for foreign companies investing in the metropolitan area to expedite the internationalization of the city.

It also envisages the construction of international telecommunication and convention centers for the convenience of multinational businesspeople.

Ministry: Grain Self-Sufficiency Hits Low in 1994

SK0702000595 Seoul THE KOREA TIMES in English 7 Feb 95 p 8

[FBIS Transcribed Text] Korea's grain self-sufficiency hit its lowest level ever last year mainly because of increasing imports and declining production.

A tally by the Agriculture, Forestry and Fisheries Ministry shows that Korea consumed a total of 18,856,000 tons or 29 percent was produced in the country, according to the tally.

The self-sufficiency rate marked a 4.9 percent point drop from the previous year. The rate peaked at 80.5 percent in 1970 but had fallen to below 50 percent by 1985.

The sharp fall in the self-sufficiency rate last year was attributed to a 10.9 percent or 4.04 million som (one som equals 144 kilograms) drop in rice production due to cold weather and increase in import of other grains such as wheat, corn and soybean.

Consumption of feed grains totaled 8,489,000 tons last year. When feed grains are excluded, the food grain self-sufficiency rate posted 52.7 percent, a drop of 8.7 percentage points from the previous year.

In terms of individual grains, the rice self-sufficiency rate was 87.8 percent, down from 96.8 percent in 1993 and that of barley was 51.1 percent, down from 77.2 percent.

Corn self-sufficiency rate edged down from 1.4 percent to 1.2 percent, that of soybeans dropped from 13.8 percent to 12.4 percent and that of other grains, including red beans, fell from 12,8 percent to 10.4 percent.

Burma

U Ohn Gyaw Meets With UN Special Envoy

BK0602153295 Rangoon Radio Myanmar in Burmese 1330 GMT 6 Feb 95

[FBIS Translated Text] Alvaro de Soto, the visiting assistant secretary general and special representative of the United Nations secretary general, called on U Ohn Gyaw, minister of foreign affairs, at the Foreign Ministry's annex at 1400 today. They held cordial and frank talks on matters of bilateral interest.

Minister Leaves for Economic Seminar in Tokyo

BK0602160795 Rangoon Radio Myanmar in Burmese 1330 GMT 6 Feb 95

[FBIS Translated Text] A five-member Myanmar [Burmese] delegation led by Brigadier General Abel, minister of national planning and economic development, left by a Thai Airways International flight at 1630 today to attend a seminar on regional economic cooperation and investment promotion of six countries in the Mekong region—Cambodia, People's Republic of China, Laos, Myanmar [Burma], Thailand, and Vietnam—to be held in Tokyo, Japan, on 9 February sponsored by the Asian Development Bank [ADB].

The delegation also will hold discussions with Japan's Chamber of Commerce and Industry on investment prospects in Myanmar sponsored by the Daiwa Research Institute Limited and the Mitsui Company Limited on 10-14 February. The delegation will also study the stock exchange and other activities in the financial markets.

Refugees Repatriated From Bangladesh Total 1,866

BK0602145695 Rangoon THE NEW LIGHT OF MYANMAR in English 31 Jan 95 p 6

[FBIS Transcribed Text] A total of 1,866 persons of 360 households arrived back at the reception camps from Bangladesh on 25 and 26 January under the agreement reached between Myanmar [Burma] and Bangladesh.

Altogether 150,012 persons of 30,829 households have arrived back so far since 22 September.

Cambodia

UN Envoy Supports MP's Right To Speak Out

BK0702093395 Phnom Penh THE CAMBODIA DAILY in English 25 Jan 95 p 6

[FBIS Transcribed Text] Meeting with an estimated 30 MP's [members of Parliament] at the National Assembly yesterday, Justice Michael Kirby, the UN Special Representative for Human Rights, told parliamentarians that the international community supported their right to speak out openly on any subject without fear of persecution.

His remarks followed reports that debate had been stifled on the national budget and that various outspoken MP's have received thinly-veiled or anonymous threats for their criticisms of certain government policies.

Thanking MP's for inviting him into "the democratic house," he described the parliamentarians as "representatives of the people" and "the authentic voice of democracy" in Cambodia.

"The international community and the United Nations are behind you and support your work," he said, adding, "I told the Second Prime Minister of the great support of the international community not only for the National Assembly, but for the members of the National Assembly individually."

Every single member of the parliament should be able to debate in the parliament without fear, "because that is what democracy means," he said.

Last month leaders of the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and BLDP [Buddhist Liberal Democratic Party] parties asked MP's not to debate the budget draft for 1995, which contains controversial passages relating to the level of projected government revenues from timber.

Co-Premier Prince Norodom Ranariddh said later that the budget had to be passed by the end of the year to meet IMF benchmark requirements.

The budget passed 89-1 on December 30.

BLDP MP Kem Sokha, the only MP to vote against the draft, said at the time, "I didn't want to obstruct it, and I also didn't want to vote for it the way it was."

Since that time, some opposition MP's have reported receiving anonymous threats warning them not to stir up trouble by speaking out against the government.

Informed sources yesterday evening told THE CAMBODIA DAILY that Second Prime Minister Hun Sen reacted angrily to Kirby's comments about allegations of threats to MP's, and told him the story had been fabricated by the media.

Khieu Samphan Appeals for Continued Struggle

BK0702034395 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 6 Feb 95

["Appeal" issued by Khieu Samphan, prime minister and minister of the National Army of the Provisional Government of National Union and National Salvation of Cambodia, on 6 February; place not given—recorded]

[FBIS Translated Text] Esteemed and beloved compatriots: The two-headed government that the communist Vietnamese aggressors, UNTAC [UN Transitional Authority in Cambodia], and the alliance conspired to create to use as instrument in their war of aggression is currently being dispersed and is facing total collapse.

As a matter of fact:

I. This government is rotting and decaying through and through; no one can save it.

II. By its nature, the two-headed government is a monopolistic, dictatorial, and fascist administration of communist Vietnam and its puppets. The two-headed legislature and the two-headed executive are puppets of communist Vietnam while the Constitution and all the laws are mere pieces of paper.

III. It has killed democracy, freedom, and human rights of all kinds. Its only concern is to use brute force—that is, the military, police, and communist Vietnamese dac cong [sapper] forces—to threaten, intimidate, arrest, and assassinate the people and anyone who is national-minded.

IV. All of our people, both in the countryside and in Phnom Penh, resolutely oppose this government and are resolutely fighting it, thus causing the two-headed traitors to bog down helplessly, waiting fearfully for their doomsday.

V. On the battlefield, they have no troops with which to fight. They have failed to conscript new troops and militiamen. The few that they have managed to impress are deserting, ignoring combat orders, and mutinying against the gang because they know that their long suffering has been caused by this gang. The conscripts see no reason to die for this gang when their wives and children at home are dying from hunger.

Consequently, the traitors are experiencing defeat after defeat. They have lost on the Choam Khsan-Preah Vihear battlefield; Route 12 has been severed from Kompong Thom to Preah Vihear; the stretch of National Route 6 from Damdek to Stoung has been cut; they have lost on the Route 68 battlefield; Ranariddh City at Rumchang, Ku, and Thmar Dong has been razed; the Poipet-Sisophon-Mongkolborei stretch of National Route 5 has been repeatedly attacked by the National Army of Democratic Kampuchea [NADK] working in concert with our people; the provincial capital of Battambang has been attacked by our NADK together with our people from the north, south, east, and west and even right in the provincial seat itself; and the same thing has happened on the Moung-Pursat, Kompong Chhnang, and Kompong Speu battlefields.

VI. No matter how hard those in the alliance try to prop and shore it up, the two-headed government still cannot stand on its own feet because it is in such a thoroughly decrepit condition. For instance, even after laying out $2 billion and using more than 20,000 civilian and military personnel, UNTAC still failed to save it. Afterwards, despite the continual injection of assistance in the form of money, arms, and military personnel and experts, no one has been able to save it. This government has suffered one defeat after another and is utterly rotten and thoroughly afflicted with AIDS. Now it is causing millions of people to starve and die. Infighting has become increasingly serious as each of its members is scrambling for dollars, rank, and power and competing to betray the nation, sell out the nation, oppress the people, and gnaw at their bones and suck their blood like predators.

Esteemed and beloved compatriots, the collapse of the regime of these two-headed traitors is a consequence of their betraying the nation, selling out the nation, and murdering the nation and people. It is also the result of the persistent and courageous struggle waged by our entire nation and people in the countryside, in Phnom Penh, and abroad to save the nation. If they have been able to survive on the brink of death thus far, it is on the one hand because of the aid drip-fed to them by the alliance, and on the other hand thanks to the communist Vietnamese dac cong forces and special police that are constantly looking to suppress the people to defend their puppets. Yet their masters' aid and forces cannot withstand the seething anger and powerful struggle of our entire nation and people. Never!

For this reason, in my capacity as prime minister of the Provisional Government of National Union and National Salvation—which has the lofty responsibility of saving and perpetuating the destiny of our nation, people, and race and preventing it from meeting the same demise as Kampuchea Kraom [former Cambodian territory annexed by Vietnam in the 17th century]—I, Khieu Samphan, appeal to our entire nation and people at home and abroad, to patriots in all circles of our national community, and to all journalists and politicians who have seen and are seeing the danger to our nation's survival: Please continue the struggle even more vigorously to put a quick end to the regime of the two-headed traitors, save our nation, achieve genuine national reconciliation, and bring about genuine peace. Our entire nation and people have suffered from the communist Vietnamese war of aggression and from the communist Vietnamese war that the alliance and two-headed traitors have continued to this day.

Our entire nation and people absolutely do not want war, absolutely oppose war, absolutely want peace, and absolutely need to end the regime of the nation-selling Hun Sen-Chea Sim-Ranariddh traitors.

In conclusion, I appeal to our brothers in Phnom Penh to double their efforts in the multiform struggle. I appeal to our brothers in the countryside to double their efforts in the multiform struggle, fighting resolutely to avoid being drafted as troops or militiamen and being sent to die in place of the traitors. The war can only be ended and peace restored when they have no troops left with which to fight. I appeal to our brothers abroad to continue opposing the war of the communist Vietnamese aggressors and the alliance; to continue opposing the granting of aid and arms to the two-headed government; and to continue waging the struggle to oppose and annihilate the nation-selling Hun Sen-Chea Sim-Ranariddh traitors, end the war, and achieve genuine national reconciliation and peace.

Long live the courageous Cambodian nation and people! The nation-selling Hun Sen-Chea Sim-Ranariddh traitors will surely be defeated and completely destroyed!

Ranariddh Receives French Cooperation Minister

BK0602162695 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 6 Feb 95

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia [RGC], recalled the fine results of the relations of solidarity and friendship and multifaceted cooperation between Cambodia and France at the audience with His Excellency [H.E.] Bernard Debre, French cooperation minister, on the afternoon of 6 February. He thanked France for its important role in the Cambodian peace and national unification process.

The prince said he hoped that, at the International Committee on the Reconstruction of Cambodia [ICORC] conference to be held in Paris in May, France would support the RGC's proposal that the next ICORC conference be held in Cambodia in 1996. He further said that his majesty the king was extremely happy with the helicopter donated by France for the monarch to carry out his missions in various provinces.

Prince Norodom Ranariddh said he hoped that France would help (?construct) the second Pochentong airport, the agreement for which will be signed in Paris in the near future and that the French company [name indistinct] would invest in the telecommunications sector in Cambodia.

In his reply, H.E. Bernard Debre said he was very delighted with the fine outcome of the multifaceted cooperation between the two countries. He pledged to continue to reinforce, expand, and improve the relations and cooperation and reaffirmed that France would further help restore and redevelop Cambodia, and especially organize a unit for the protection of Angkor Wat Temple.

Indonesia

Editorial on Independence of Human Rights Organ

BK0602162595 Jakarta REPUBLIKA in Indonesian 6 Feb 95 p 6

[Editorial: "The National Commission on Human Rights and the Government's Interference"]

[FBIS Translated Text] Minister/State Secretary Murdiono has issued a comforting statement on the independence of the National Commission on Human Rights. Speaking at a hearing with the Parliament's Commission II, the minister stressed that the government has never interfered in the commission's activities even though the government allocates funds for it. For the 1995-96 fiscal year, the government allocates 1.3 billion rupiah for the commission.

Murdiono said the commission enjoys such a high degree of independence that he himself, as an official in charge of an agency that allocates funds for the government-appointed commission, has never made a phone call to the commission. Murdiono said: "I can tell you that I will never interfere in the commission's activities. I will not even make a phone call to the commission."

Commenting on reports that members of the public have more faith in the commission than the House of Representatives—viewed from the increasing public complaints submitted to the commission rather than to the legislative body— the minister described the trend as positive.

When it was established in 1993, the Commission on Human Rights was greeted with widespread cynicism by those who wanted to see an early realization of democracy in the country. It is noteworthy that the commission was established by the government, not by an independent group as in other countries, and that it was established in response to the calls made by the international community, especially Indonesia's creditor countries. The call for the establishment of such a commission came from the United States in particular, a dominant country in world bodies such as the World Bank and the IMF. The United States apparently also wants to link the commission's establishment to its foreign aid program and business opportunities.

Despite the pessimistic outlook at that time, the government decided to carry out its plan. People appointed to serve in the commission are known to have a good reputation in upholding human rights despite the fact that some of them are former government officials and others are still active government officials. The rest are intellectuals with high integrity and without any past records of opposing the human rights concept.

However, the membership composition of the commission did not help reduce the prevailing pessimism because several human rights activists with a long history of upholding human rights and independent stances were not appointed to serve on the commission.

However, the majority of the people seem to have other ideas. When they know that there is an agency willing to listen to their grievances as far as human rights are concerned, they begin to flock to the commission to lodge their complaints. These people consist of ordinary people whose house has been dismantled by the authorities, housing developers whose land is expropriated and receive a very small amount of compensation, or workers with ruthless employers.

This phenomenon is of course encouraging in terms of the development of democracy, but at the same time, it is discouraging to see that a larger, older, permanent, and state-sanctioned institution, namely the parliament, is not receiving the trust and confidence it should from the people. The fact that the majority of complaints submitted to the commission come from the rural areas has led us to believe that the performance of the regional legislative assembly is even worse.

We are indeed happy to hear the minister's remarks, and we believe that we should jointly promote the Commission on Human Rights. We also believe that the government should play a major role in this area. The government must still prove that an agency funded by the state and working for people's interests need not always promote the government's own interests.

One of the ways to promote this democratic trend has already been demonstrated by Murdiono, and we hope that he is not the only person that "does not make a phone call" to the Commission on Human Rights.

Commission I Protests Restrictions on Gatherings

BK0702081595 Jakarta THE JAKARTA POST in English 2 Feb 95 p 2

[FBIS Transcribed Text] Jakarta (JP)—Legislators and human rights activists protested yesterday the banning and breaking up of gatherings by police.

They said the practice violates the people's constitutional right to assemble.

A seminar on the issuance of permits for gatherings, held by Commission I of the House of Representatives, questioned the police concerning the legal grounds for the practice.

Commission I oversees security and political affairs.

Joko Sugianto and Brig. Gen. (ret.) [retired] Rukmini Kusumoastuti of the National Commission for Human Rights, legal expert Dr. Lubby Loqman, and the legislators of Commission I discussed the numerous bans on gatherings over the years at length.

Deputy Chief for Operational Affairs of National Police Headquarters, Maj. Gen. Kusparmono Irsan, who was invited to speak, explained succinctly the legal grounds for the banning.

Joko recounted several cases of police banning of seminars, including one in which a member of the Human Rights Commission was barred from speaking because the event had not been given police permission. This sparked questions because a similar seminar held by the same organizer, although with different speakers, was allowed to proceed without a glitch.

"Many other figures known as activists, including poet Rendra, have experienced similar treatment," Joko said. "Those people are actually critical thinkers, not rebels ... Their criticism is always confined within the system."

Unfortunately, "many executors of the system are afraid of criticism ... a thing which should be natural in a democratic country," Joko said.

Last year, there were at least two incidents of banning and breaking up of seminars by the police. In September, a dozen police officers dispersed a seminar on land conflicts organized by the Indonesian Legal Aid Foundation. Participants included members of the House of Representatives (DPR), the National Commission on Human Rights, and activists of non-governmental organizations.

The foundation protested the police action, saying it had no authority to ban the seminar which posed no threat to national stability. The foundation also pointed out that the right to hold such meetings was guaranteed by the constitution and the law.

Regulation

Yesterday's seminar saw the speakers trying to prove that there is no regulation stating that every seminar must have a police permit. They questioned the legality of a 1963 presidential decree on political activities which the police usually use as grounds to disperse gatherings.

Joko and Marcel Beding, a legislator from the Indonesian Democratic Party (PDI) faction, said the decree was enacted when communism had a stronghold in the country.

Kusparmono, however, pointed out that the decree has since been revised. This revision allows the police to halt and disperse political activities and has been used by the police as legal grounds for their action.

Kusparmono also deflected criticism about the police having undue authority.

"The responsibility for processing applications for permits is not solely that of the police alone," he said. "There are other agencies involved in issuing permits for holding seminars or other forms of gatherings."

He also rejected the suggestion that police have been restricting seminars and scientific gatherings on university campuses. "It all depends on the kind of seminars that the students hold... if they are really scientific, there should be no problems for them to obtain permits," he said.

Lubby Loqman criticized Kusparmono's stance, saying that the concept of "campus freedom' should be defended. He also asked the National Police to cut the red tape in the permit application procedures.

Joko and Rukmini also used the occasion to criticize the House of Representatives for its inability to correct the situation.

They said the House has failed to respond even though the police have arbitrarily grouped "demonstrations, scientific seminars, and meetings attended by more than four people" in the same category and treated them in the same manner.

"We see that the House lacks sensitivity in correcting the weaknesses of our laws and regulations, including the 1963 decree which is still being used despite the fact that it's no longer relevant," Joko said.

"The Constitution, which guarantees the people's right to assemble, should be realized... so that each citizen's right is more protected," he said.

Journalists Discuss Freedom of Press

'Democratic Climate' Needed

BK0702014495 Jakarta SUARA KARYA in Indonesian 6 Feb 95 p 3

[FBIS Translated Text] Jakarta (SUARA KARYA)—Press freedom is a bargaining process because the freedom of speech is basically an unending process. "What we are fighting for is freedom within the bargaining process," said Gunawan Muhammad, former chief editor of the "late" TEMPO in an open dialogue organized by the East Jakarta Branch Executive Council of the ISKA [Indonesian Roman Catholic Scholars] on Sunday [5 February] afternoon.

Mas GM, as Gunawan Muhammad is usually addressed, said further that we would be able to question a law that bans a press publication if such freedom existed. "In other words, we need a democratic climate to enable the press to grow and develop positively," he stressed.

Press freedom is not unlimited because independence itself implies responsibility. "Independence is not a luxury but implies responsibility," he added. One of the features of press freedom is a legal settlement over the revocation of a publication license. "You have to deal with a court over the nonpossession of a driver's license. Why doesn't this apply to a publication license, too?" he wondered.

In the dialogue, attended by 70 members of the ISKA East Jakarta Branch Executive Council, Gunawan Muhammad explained the process and background of the banning of the weekly TEMPO, which he led for over 20 years. He is now waiting for a decision of the State Administrative Court on his appeal against the minister of information. "Although I knew that I would lose at the State Administrative Court, I did make efforts to raise the matter. Similarly, I am making efforts to achieve press freedom...and I will present a judicial review [preceding two words in English] to the Supreme Court as the last resort," he said.

The concept of the freedom of speech or press freedom knows no distinction, nor is it different in the West and the East. "Don't ask whether the concept is Western or Eastern...because the world talked over the murder of Marsinah who fought for labor rights...there was no question of the West and the East," he said. Thus, Gunawan Muhammad said the freedom of speech is an unending struggle by mankind.

Press freedom was strongly felt in the early years of national independence. No publication was banned, and no publication license was needed, because the nation's founding fathers knew very well how bitter life was under colonial rule, when we were unable to express our opinions freely. Press bans started after the so-called Guided Democracy was born. Press freedom reemerged in 1966, although it was short-lived. There have been cases of publications being banned.

The people's awareness of the need for freedom of speech is contributing to the development of press freedom.

Ban of TEMPO Weekly Decried

BK0702093095 Jakarta THE JAKARTA POST in English 3 Feb 95 p 2

[FBIS Transcribed Text] Jakarta (JP)—The former deputy chief editor of TEMPO magazine said yesterday that the news weekly did not disturb national stability as claimed by the government to justify its decision in banning it last year.

Fikri Jufri made the remark when testifying in a hearing at the Jakarta State Administrative Court on two law suits against Minister of Information Harmoko's decision to revoke the magazine's publishing license.

One law suit was filed by Gunawan Muhammad, TEMPO's former chief editor, and the other by the magazine's former employees.

"It was not true that news carried by TEMPO had disturbed either national stability, security, or order," he said in response to Chief Judge Benjamin Mangkudilaga's questions.

He said that the magazine editors had never received any complaints for either the subjects or the objects of some news items run by TEMPO.

He cited an example of the article Drama Berdarah di Jalan By-pass (Bloody Drama on the By-pass Road) published in TEMPO's 40th edition on Dec. 2, 1989 about the murder of a Jakar police officer who had an affair. TEMPO got a warning from Harmoko for running the story.

"We never received any complaints from the Ministry Defense and Security or the Armed Forces Headquarters regarding the contents of the article," he said.

Warnings [subhead]

TEMPO was closed down in June last year. The Ministry of Information said the magazine repeatedly ignored warnings from the government about its editorial content.

Currently, Harmoko's decision is being challenged by four distinct law suits from former TEMPO editors, employees, and readers. Two suits were filed at the administrative court and two at the Central Jakarta District Court. All suits oppose the validity of the minister's decision to revoke TEMPO's license.

TEMPO's former employees have been split. One group employees has obtained license to publish the new magazine called GATRA, which is financed by timber tycoon Muhammad (Bob) Hasan. Others have taken part in jobs in Jakarta-based newspapers, while some others are still waiting for a publishing license of a new magazine.

Fikri said that their news had always been in line with the government's guidelines for news writing and reporting.

He said all members of the editorial board, who were in charge of the articles to be published, had the journalist's code of ethics and news reporting guidelines.

The editorial board had the authority to either withdraw or publish any article for publication.

He said the editorial board's members then delegated the control for the content of the articles to each unit head.

Fikri, occasionally inserting humor in his testimony, also criticized the information ministerial decree which did not explicitly describe the reasons for the revocation of the magazine's publishing license.

He said it was contrary to their previous experience in 1982 when the magazine license was frozen for two months.

"We were informed that our publishing license was frozen because of our article on the general election," he said.

He also said that the revocation had shocked all of the magazine's employees.

"Some even cried on hearing the news, probably because of the sour end of the wind of openness or realizing that they would lose their jobs," he said.

The trial was adjourned until Thursday next week, still waiting to hear testimonies of witnesses provided by Gunawan and the magazine's former employees.

Tax Incentives Proposed for Investors in East

BK0702020295 Jakarta SUARA PEMBARUAN in Indonesian 3 Feb 95 p 1

[FBIS Translated Excerpt] Jakarta, 3 February—The government will provide incentives in the form of either tax reductions or tax rebates for domestic investors and their foreign counterparts in eastern Indonesia. It is hoped that such a move will increase the investment flow into eastern Indonesia, because the region has been left far behind by development in western Indonesia. This was stated by Minister of State for Investments/Chairman of the Investment Coordinating Board Sanyoto Sastrowardoyo during a hearing with Parliamentary Commission VI on Friday [3 February] morning.

According to Sanyoto, industrial workers in eastern Indonesia will also be given tax incentives. As acknowledged, the number and quality of workers in the eastern region is still lacking; moreover, workers from western Indonesia have shown little interest in working there because industries are located in desolate regions.

Apart from this, the government will provide the investors in eastern Indonesia with a lower interest rate for credits toward investment. It is hoped that through such a measure the production costs will be lowered, which will finally provide greater competition for the finished products.

Regarding credits already provided, the government will also provide a longer grace period [preceding two words in English] for their repayment. Such a move is necessary, considering the longer time needed to complete the development projects and also the inadequacy of facilities, infrastructure, construction materials, human resources, technical expertise, and so on.

The allowance of a longer grace period is appropriate because much more time will be required to bring the projects to the production stage compared to similar projects in western Indonesia. [passage omitted]

New Regulations Issued for Banking Sector

BK0702061495 Jakarta THE JAKARTA POST in English 31 Jan 95 p 1

[FBIS Transcribed Text] Jakarta (JP)—Bank Indonesia (BI), the central bank, yesterday issued four new regulations in a move to ensure a more healthy and reliable banking sector and to curb unhealthy competition.

The regulations provide: 1) a requirement to set out an annual working program; 2) a definition of persons barred from the banking sector; 3) restriction on the use of inter-bank information; and 4) the standardization of accounting systems.

Hendrobudiyanto, the central bank's director of supervision, told a press conference yesterday that the regulations which support the implementation of the new banking law would encourage banks, not only to develop realistic programs, but also to protect their operations from the involvement of unreliable people.

"In addition, the new ruling is expected to curb unfair competition in the banking industry," he said.

One of the new regulations requires commercial banks to provide the central bank with their annual operational programs, including projections on savings and deposits, lending, fee-based services, and product development.

Programs such as network expansion, human resource development, and projections on operational incomes and profits must also be reported to the central bank.

Hendrobudiyanto said that credit programs should include detailed information about projects, their financing arrangements, and terms of loan repayment.

The information about credits given to affiliated parties such as shareholders should be more detailed still, including the value of the collateral, the terms of repayment, and the proportion of credits to outstanding loans.

"The new regulation will guide the banks in a more realistic and rational expansion," he said. Hendrobudiyanto denied that the move was against the spirit of deregulation.

According to the second regulation, certain people are prohibited from owning or becoming an executive of a bank.

Blacklisted people include bank shareholders, executives, or employees who have been involved in fraud such as making false transactions or colluding with customers or other parties.

Bank executives, former executives, or other affiliated parties who have been responsible for the downfall of their banks during their terms of office are also blacklisted under the new regulation.

Other blacklisted people include shareholders or executives of banks who have defaulted on a loan of a significant sum or have criminal records.

The main intention of this regulation is to free the country's banking industry from unreliable and irresponsible people, Hendrobudiyanto said.

He acknowledged that the criteria are very general and normative, but said that the regulation would be sufficient to ensure the credibility of the country's banking industry.

Hendrobudiyanto denied that the loose criteria could lead the central bank to act partially when enforcing the ruling.

"The central bank will try to get information from all sources available," he replied when asked about the possibility of partiality.

The third regulation lays down restrictions on the exchange of information between banks concerning the accounts of borrowers or the general performance of banks.

Banks are allowed to exchange information among themselves but only in regard to their active borrowers.

Hendrobudiyanto said that the restrictions on the exchange of information between banks was essential to ensure the confidentiality of bank clients.

The fourth regulation issued by the central bank provides for the standardization of banks' accounting systems.

Poor Rice Procurement Reported for 1994

BK0602162395 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 6 Feb 95

[FBIS Translated Text] Rice procurement by Bulog [Logistics Bureau] at 938,000 tonnes in 1994 was the worst in the past 15 years. The condition also caused Bulog to carry out more active market operations in the second quarter of 1994.

Speaking at a hearing with Parliament's Commission VII, chaired by Commission Vice Chairman Sukoco Said in Jakarta today, Foodstuff Affairs Minister Ibrahim Hassan said market operations aimed at stabilizing rice prices from April to December 1994 reached 610,000 tonnes and 196,000 tonnes in January 1995 alone. The situation was caused by reduced rice production due to prolonged drought which had affected several rice-producing areas. Speaking to reporters, Minister Ibrahim Hassan said the government had imported rice in accordance with domestic needs. Bulog now has 850,000 tonnes of rice, which is equivalent to six months' supply. However, another market operations will reduce it into three months' supply.

Resistance Says Mercenaries Used in East Timor

LD0602183295 Lisbon RDP Antena 1 Radio Network in Portuguese 1600 GMT 6 Feb 95

[FBIS Translated Text] [Announcer] We have had reports that another six people were killed in East Timor in January. All signs are that Indonesian mercenaries, or working for Indonesia, are terrorizing the people in East Timor. A member of the Timorese resistance in Dili was contacted about an hour ago and told us about the situation.

[Begin recording] [Unidentified resistance member] They were killed some time ago by the Indonesian Armed Forces.

[Unidentified correspondent] Has this been confirmed?

[Resistance member] Yes.

[Correspondent] These murders took place in January?

[Resistance member] Yes, not eight but six. I can tell you that on 23 January, two Indonesian soldiers were killed in the south by the guerrillas.

[Correspondent] So are the Timorese guerrillas advancing on the ground?

[Resistance member] Yes, yes in the eastern region. [end recording]

[Announcer] Ramos Horta, the representative of the National Council of the Maubere Resistance abroad, is in The Hague at the moment but he spoke to us about the above situation.

[Begin Horta recording] They are called ninjas or black T-shirts [preceding words in English]. They are real terrorists, assassins. They are led by Labut Melo. He has been known since 1975 as one of the greatest killers of the Timorese. His mission is precisely to kill the Timorese, to provoke instability and conflict among the Timorese so that Indonesia can say that there is a civil war in East Timor and that the crimes, the killings, are not being carried out by the Indonesian Army but by the Timorese themselves.

Any Timorese who joins that group is paid the equivalent of $750. [end recording]

Golkar Chairman Stresses Winning 'Cooperation'

BK0602093795 Jakarta KOMPAS in Indonesian 6 Feb 95 p 20

[FBIS Translated Excerpt] Ujungpandang, KOMPAS—Harmoko, general chairman of the Golkar [Functional Group] Central Executive Council, has stressed that despite being the major sociopolitical force, Golkar does not intend to transform itself into a dictator or a tyrant. Speaking during a meeting with Golkar party cadres from three South Sulawesi regencies on Saturday (4 February) and Sunday (5 February), he said: "Despite being in the majority, Golkar will nevertheless conduct debates to win cooperation."

He stated that Golkar is truly aware of the victory achieved by the party in the last five general elections. Such an accomplishment is not in the party's own interest but for the good of the whole population. He said: "In its struggle, Golkar's principle has been that of 'do only good and not wrong.'" As such, he urged party cadres to fortify their solidarity through a spirit of togetherness and understanding so that society can understand Golkar's righteous struggles and the meaning of development. [passage omitted]

He also reiterated his call to the cadres and Golkar functionaries to uphold discipline constantly and give due respect to the organization. He said: "Sanctions will be imposed on those who violate the organization's regulations." He also stressed that party discipline is important within society's framework of upholding national discipline. [passage omitted]

Laos

* Writer Recalls Senior Leadership, AAA

95SE0086A Vientiane PASASON in Lao 2 Jan 95 p 3

[Article by Thongseu Khotvongsi: "Viangsai in the Past"]

[FBIS Translated Excerpt] I had thought on the previous day when the air pirates of the neo-colonialists had come with 100 aircraft and attacked Viangsai District, which the western faction called the "palace in the sky," that they had been punished enough.

But they were predisposed to risk their lives like two bald-headed men butting heads.

Mr Somsi Desakhamphou, a pre-eminent Lao poet, immediately wrote a poem about this at that time:

Hitting, hitting mean. Mortar, machine gun and anti-aircraft shoot at jets flying fast, modern aircraft of the colonialists. If they come, they die through the spirits here.

That morning was like the previous morning. The sky over Viangsai District had dense clouds covering all the mountains. When we came in on the paths from Nakai, Phou Khe Mountain and Ban Bak Village then, we could see only white fog.

I got up early to prepare activity reports for Mr Osakan Thammatheva and Mr Thonglai Kommasit in the political office of the supreme military headquarters and to see what the situation was. Even though it was cold that morning, it did not matter because I was wearing a big, warm coat and looked like a black bear coming out of the meadows. I did not think at that time that the air pirates would come again. When I had reached the middle of the meadow, I heard the sound of planes racing toward me from the South from Nga District. I turned and looked toward the mountain tops, and the four battalions of Lao and Vietnamese anti-aircraft were turning their gun muzzles toward the targets.

Then I tried to run from the meadow to the cave of the political office of the supreme military headquarters. This was a big cave. It was called the Sang Lot cave because an elephant had once gone there for safety. There was a 100 meter high rock mountain over the cave. The mouth of the cave was broad and had boulders for protection in some places. At that time the officers and men of the political office were standing and following the actions of the air pirates. Our anti-aircraft were battling them with determination.

In the cave the supreme commander, Khamtai Siphandon, Mr Osakan Thammatheva, Mr Thonglai Kommasit, Mr Vai Kommasit, Mr Ai Saignaseng, Mr Souli Ma, Mr Keo Louangsena and the important officers of the political office, the office of the chief of staff and the quartermaster's office sat in a meeting to study the situation and to adopt battle plans. The primary goal of the supreme military headquarters then was to do everything possible to defeat the enemy invaders so that they would regret their actions and suffer defeat.

With the order to achieve victory through patriotism and hate of the enemy, every organization and office and every military and civilian unit resolutely followed this order of the Politburo of the Party Central Committee. Mr Kaison Phomvihan, the general secretary of the Lao People's

Revolutionary Party, led the party directly and resolutely even at night. Because they were concerned about the lives of the combatants, Mr Kaison Phomvihan, Mr Nouhak Phoumsavan, Mr Khamtai Siphandon and other leaders went to visit and praise the combatants in the anti-aircraft units.

At that time there were strict orders that if anyone anywhere saw an enemy, they were to wipe him out completely. If he was in the air, they were to use every means possible, including light and heavy weapons, to destroy him immediately. Every gun emplacement on the mountains and every cave mouth watched to destroy the obstinate and foolhardy air pirates who invaded.

At that time every unit from the headquarters down to the individual units and organizations and from the party down to the women's organization, the LPRYU, and the Lao Patriotic Front strove to do its duty.

The LPRYU, the soldiers, the political office, the office of the chief of staff, the quartermaster's office and the various military branches both fought and carried ammunition, food supplies and medicine to the front lines day and night.

The radio transmitter at Ban Bak Village was never idle. The editorial staff wrote, and Mr Sisana Sisan and Mr Son Khamvanvongsa both led and inspected. Mr Mahaban Volakhoun, Mr Sontheu, Mr Mahaphamon, Mr Thongseu Khotwongsi, Houmphan Lattanavong, Phimpho, Mahateu and the editor wrote day and night. Every section in broadcasting, the Lao language section, the French language sections, the Lao Soung language section and the Cambodian language section, broadcast information all day and night about the achievements of the army and people in attacking the neo-colonialist invaders.

Mr Somsi Desakhamphou, a pre-eminent Lao poet, wrote songs. The singers interpreted the songs and sang about the crimes of the air pirates that day.

Artists under the leadership of Mr Paseut Sisanon, both female and male, all strove to show their admiration for the AAA (anti-aircraft units) on the Nakai plain of Viangsai District until midnight. Mrs Chansamai, a beautiful lady of Luang Prabang and Mrs Vilaivan, a beautiful lady of Sam Neua, sang like nightingales, and their voices resonated throughout the plain and mountains. Mr Bouangeun Saophouvong, a pre-eminent Lao singer, sang songs praising the anti-aircraft units skillful defense of the air in shooting down many aircraft of the air pirates. This happy time made the men happy and determined to destroy the enemy another day. [passage omitted]

Philippines

Senator Criticizes Unfavorable U.S. Depiction

BK0702084595 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 7 Feb 95

[FBIS Translated Text] Senator Blas Ople today strongly criticized the United States for its continued unfavorable depiction of the Philippines despite the changes and improvement achieved by the government in the economy and in the implementation of peace and order. Ople's statement was in reaction to a report submitted by State Secretary Warren Christopher to the U.S. Congress on alleged human rights violations in the country.

[Begin Ople recording in English] Most of these assessments no longer can be (?credited) with the degree of objectivity that will make them credible. So, we'd better rely on our own internal assessments of our problems. [end recording]

* Editorial Views PNP's Vision 2000

95SE0094A Manila BALITA in Tagalog 5 Jan 95 p 5

[FBIS Translated Text] A gruesome massacre occurred in San Mateo, Rizal, and it was resolved in less than 10 hours through simple police work and common sense initiated by San Mateo Police Chief Major Ferdinand Santos. He contacted shipping lines and Philippine Airlines [PAL] to verify if somebody had bought a ticket under the aliases used by Constancio Gano, the 24-year old baker who hacked his victims to death, nearly severing their heads. Gano's attempt to flee failed when Butuan City police arrested him while he was getting off a connecting flight in Cebu City. He was using the alias Allan Perez. Through speedy communication and cooperation between the PNP [Philippine National Police] and PAL, the bloody crime was solved immediately. This writer accompanied Colonel Cris Maralit, Rizal PNP Director, when Major Santos was given the honors. His quick evaluation and action on the case was highly impressive.

In earlier days, it took a long time for an investigator to act on similar cases because he had to talk to the victims' relatives; he sought funds for follow-up action claiming that the suspect had gone into hiding in a remote place, and so on and so forth, until it turned into a vicious cycle whereby the complainant lost patience and finally gave up on the case.

The quick and excellent resolution of the crime by Major Santos demonstrates the PNP's vision for the year 2000.

Pete Angulo, chief inspector of the WPDC [Western Police District-Crime] and homicide, has similarly resolved grisly murders in Manila. One of these involved the brutal and bloody killing of a retired Arab seaman last year, which took place at a five-star hotel in Manila. There was a "do not disturb" sign on the victim's hotel door.

Chief Angulo was commended by Wenceslao E. Ealdama Jr., WPDC assistant director for investigation, for solving violent crimes in 1994.

The PNP's vision 2000 aims at speedy and accurate evaluation of crimes as well as action against them at a time when criminals could possibly be using advance computer technology in their activities such as hold-ups or robbery. By the year 2000, the countries' industries will be a lot stronger and progressive. There will be more shopping centers on LRT [light railway transit] stations at the underground and ground levels. Metro Manila skylines will then be operational and many vehicles will be using these routes. Overpasses and flyovers will be built on expressways. With all of these fast rising industrial advances, a fast decision and action on the part of the PNP men is likewise necessary.

According to officials, the purging and cleaning-up of the PNP ranks will continue this year followed by a massive recruitment of about six to 7,000 policemen to bolster the current 98,000-strong PNP force throughout the country.

The ideal scenario for the year 2000 is that only good cops will be given the opportunity to remain and serve the force and the public.

Thailand

Impact of PRC-U.S. Trade War Examined

BK0702035195 Bangkok BUSINESS DAY in English 7 Feb 95 p 1

[FBIS Transcribed Text] Dr Nimit Nonthaphanthawat, executive vice-president of Bangkok Bank, believes the US trade sanctions against China will benefit Thai exports.

That is if new talks on copyright piracy—agreed to on Monday—do not bring the two sides back from the brink of a damaging trade war.

The clash has resulted in a 100 percent increase in import duty of Chinese exports to United States. Most of the goods in question are plastic products, textile products, toys and electronic parts.

As for Thai investors in China, Dr Nimit thinks the impact on them will not be so serious because most of them invest in agricultural products and auto parts for domestic consumption.

Dr Nimit opined that Hong Kong and Taiwanese investors will be hurt more.

Thai commercial banks, he said, are not worried about credit extended to China.

Dr Nimit believes the United States trade sanction is temporary and would be lifted in the end.

The damage to China will amount to roughly $1.8 billion.

Minister of the Prime Minister's Office Sawit Phothiwihok said trade sanctions are against the liberalization trend. Thailand is following the situation closely, and hopes both sides can reach an agreement.

Chinese exporters, Mr Sawit said, will have to look for new markets and will compete with Thailand in these new export markets. Thailand plans to open new markets in Latin America and Africa. If Chinese exports are diverted into these new markets, then it could have adverse effects on Thai exports.

Aphisit Wetchachiwa, secretary-general to Deputy Prime Minister Dr Suphachai Phanitchaphak said the US-China trade dispute is unlikely to affect Thai investors in China, because most Thai investments there are in agricultural food processing and industrial estate.

Most Thai investors in China, including the Charoen Phokkhaphan Group, do not deal in intellectual property goods. Aphisit said the dispute should be settled by the World Trade Organization (WTO), which most countries worldwide acknowledge as the mechanism for solving trade disputes. It should have been consulted instead of resorting to trade sanctions, which render arbitration useless.

Foreign Ministry Considers Mediation on Burma

BK0702064695 Bangkok BANGKOK POST in English 7 Feb 95 p 1

[FBIS Transcribed Text] The Ministry of Foreign Affairs is to consider a proposal for Thailand to serve as a mediator between Burma's military junta and ethnic minorities, Foreign Minister Thaksin Chinnawat said yesterday.

The minister said the issue was sensitive and required thorough consideration, saying Thailand must position itself in the eyes of the international community while maintaining good neighbourly relations with Burma.

A respected Burmese monk Sayadaw [abbot] Rewatta Dhamma earlier called for Prime Minister Chuan Likphai to mediate peace talks between, the State Law and Order Restoration Council and the ethnic Karen.

Burmese government forces violated a ceasefire agreement and attacked the Karen National Union, capturing its long time base at Manerplaw.

Burmese Ambassador in Bangkok Tin Win was summoned to receive an aide memoire from Deputy Foreign Minister Surin Phitsuwan last week, officially expressing Thailand's concern over the situation along the common border.

Mr Thaksin said he believed the Burmese government would listen to concerns.

Chuan Terms Burma Conflict 'Internal Problem'

BK0702035395 Bangkok BANGKOK POST in English 7 Feb 95 p 10

[FBIS Transcribed Text] Take—The Thai Government has no policy to support Burmese minority groups fighting the military junta in Rangoon, Prime Minister Chuan Likphai said during an inspection of the border at Mae Sot District yesterday.

Thailand welcomes only refugees fleeing the Karen-Burmese battlefields to take temporary shelter, not those who want to use Thai soil as their stronghold to fight back, the premier said.

"Our policy is certain that we will support neither Burmese minority or Burmese government troops to fight each other on Thai soil. The war is Burma's internal problem," Mr Chuan said.

However, he said that the fighting affected Thailand when artillery shells land on Thai territory.

Thai troops had to fire back warning shots because stray Burmese shells could harm Thai people and halt their cultivation in areas bordering Burma, the Democrat Party leader said.

Refugees were given enough food and shelter so that they would not be starved and forced to sell their weapons like Cambodians do, he said, adding that the refugees would be sent back to their homeland when the situation returns to normal.

The prime minister suggested the United Nations' High Commissioner for Refugees should be told about Thailand's refuge for displaced people from Burma to prevent any misunderstanding which could affect Thailand's international reputation.

Prime Minister Chuan led a delegation of 20 senior Thai officials to inspect the situation in Mae Sot areas which border Burma while Burmese troops continued attacking the Karen National Union [KNU] stronghold of Kawmura Camp opposite Mae Sot with heavy weapons.

Those accompanying the premier included Defence Minister Gen Wichit Sukmak, Deputy Interior Minister Udon Tantisunthon, deputy secretary-general to the prime minister Montri Chenwitkan, National Security Council secretary-general Gen Charan Kunlawanit.

Gen Charan confirmed that KNU troops are not allowed to build a stronghold on Thai soil to fight Burmese government troops.

He said those who do would be arrested.

"Even KNU president Gen Bo Mya will have to behave as an ordinary refugee to seek a shelter in Thailand," Gen Charan said.

According to Gen Charan, KNU troops have already pulled out of their headquarters in Manerplaw and other strongholds opposite Tak and Mae Hong Son provinces.

Thailand had to provide them with shelter on humanitarian grounds, he said.

Gen Charan did not say whether KNU president Bo Mya is in Thailand.

After the KNU withdrawal from Manerplaw, the number of Burmese refugees in Thai shelters along the border rose from about 60,000 to about 70,000, Gen Charan said.

Under the policy of "Constructive Engagement", the Association of Southeast Asian Nations (ASEAN) is looking forward to seeing both sides lay down their weapons and hold negotiations but no one can force this to happen, Gen Charan said.

The KNU is among other minority groups in Burma such as the New Mon State Party and the Karenni National Progressive Party which are fighting for the status of an autonomy state, Gen Charan said.

He added that some groups had agreed to a ceasefire with the Burmese government, such as the Kachin Independent Organisation.

Thailand was ready to mediate between the Burmese government and minority groups; however, the State Law and Order Restoration Council (SLORC) had never invited Bangkok to play such a role, Gen Charan said.

Meanwhile, Burmese television reported the government in Rangoon held a party yesterday to welcome over 4,000 Karen people who had returned to Burma.

The party was staged in Myainggyingu village, about 65 kilometres north of the Karen state's important town of Pa-an.

Editorial Urges Support To Oppose Khmer Rouge

BK0602025595 Bangkok THE SUNDAY NATION in English 5 Feb 95 p 4

[Editorial: "Pol Pot's Terror Campaign Shows Signs of Desperation"]

[FBIS Transcribed Text] Whether as guerrillas, social engineers, resistance fighters or as their current incarnation as ideologically-bankrupt bandits, the Khmer Rouge have always been consistent about one thing: their use of violence as a political tool.

Now in the twilight of their dark and wasteful career they are putting a new bloody twist on the phrase, "to rage against the dying of the light".

Weakened militarily by defections, politically isolated, and rapidly becoming an irrelevancy in modern Cambodia, the outlawed faction has launched a new wave of brutality against innocent civilians and small villages.

Over recent weeks, Khmer Rouge bands have marauded across the rice plains of the northwest, burning down villages, killing farmers and torching rice fields. Their attacks are all the more cruel because much of Cambodia is suffering from drought and food shortages are acute in many parts of the country. Their rural terrorism has caused some 10,000 farmers to flee Battambang, which the Khmer Rouge appear intent on turning from Cambodia's rice basket to dust bowl.

Showing no signs of breaking from the past, the guerrillas are zeroing in on soft targets: village officials, poorly equipped militiamen, defectors and health clinics.

The current terror campaign dates back to January 15, the last day of the government's amnesty programme for defectors.

With the exception of Battambang, home of the main Khmer Rouge base of Pailin, the defector programme has been a wide success. Phnom Penh claims six thousand troops have left the guerrilla's ranks over the last six months. Foreign observers doubt the figure is quite so high but still say it appears several thousand guerrillas have abandoned the group.

If the Khmer Rouge's terror campaign had been launched earlier it may have made sense from a strategic point to burden the cash-strapped government with displaced villagers as it was trying to cope with feeding and housing thousands of former guerrillas. But the belated timing seems to suggest its scorched earth offensive is about vengeance and creating the kind of fear-laden climate that the group thrives in. Throughout their history, the Khmer Rouge have depended on conflict. They have needed enemies to grow and with the government holding back on what has become an annual event in Cambodia—the dry season offensive—the Khmer Rouge seem to have decided to launch their own turmoil in the war-scarred country-side.

While the guerrillas remain a dangerous entity their organization is weakening quickly and their areas of influence have been reduced. But perhaps the most important effect of the defector programme has been to break the political deadlock over what to do with their rebellion. Further, it has rendered obsolete the debate over promoting conciliation with the guerrilla leadership.

King Norodom Sihanouk, long an advocate of leaving the open door for Pol Pot and other guerrilla leaders to re-enter the political mainstream, repeated his old call for reconciliation on January 23. Significantly though, he ruled out any power-sharing role for the Khmer Rouge and effectively banished Pol Pot and Ta Mok from the country.

The Cambodian government is on the right track. Phnom Penh's initial policy of confrontation led nowhere and it must continue to search for solutions to the problems raised by the Khmer rouge—the development gap between the towns and the countryside, corruption, and illegal Vietnamese immigration.

Thailand can also do its bit. It's policy of encouraging a reconciliation between the leadership of the Khmer Rouge and Phnom Penh has been overtaken by events and is no longer valid. Instead, its should vigilantly maintain its pledges to halt border trade, especially now that foreign pressure has cooled and there are signs that cross border commerce is picking up again.

Cambodia appears to be at a crucial point in its history. There is still much to be pessimistic about but also an equal amount to encourage optimism. The Thai government has an obligation to its own citizens as well as to those of its neighbour to help rid Cambodia of the Khmer Rouge menace and see that true democracy and development take root there.

Israeli Envoy Says More Thai Workers Needed

BK0702081995 Bangkok BANGKOK POST in English 7 Feb 95 p 8

[FBIS Transcribed Text] Israel will accept an additional 6,000 Thai workers for its agricultural sector, the Israeli ambassador said yesterday.

Mr Mordekhay Levy said that in Israel there is strong demand for Thai workers, with some 12,000 currently employed, mainly in the agricultural sector where they have built up a good reputation.

Israel's demand for foreign workers has escalated because of its plan to separate Israelis from Palestinians, who were temporarily banned after a suicide bomber killed 20 Israeli soldiers and one civilian in Netanya on January 22.

The plan will have an adverse effect on the Palestinians, who were the major source of foreign labour for Israel.

The preference for Thai workers became imminent last Wednesday, when Prime Minister Yitzhaq Rabin mentioned Thailand as an alternative source of foreign labour.

"I prefer Thai workers to Palestinians who attack innocent people with knives in Israel, " Mr Rabin told labour representatives from cooperative villages in Jerusalem.

Mr Levy said: "I think the remark of Mr Rabin reflects the positive climate for Thai workers in agriculture in Israel."

He added that it was also in line with the position of Israeli employers. "I think employers have had good experiences with Thai agricultural workers," he said.

Apart from the agricultural sector, a small number of Thais are employed in the construction industry and other fields, and transfer some US$700 million home to Thailand each year, Mr Levy said.

Thailand and Israel are strengthening trade ties, and trade is estimated to be worth $300 million, or 7.5 billion baht for 1994.

Two-way trade for the first three quarters of 1994 was $260 million, or 6.5 billion baht, surpassing the 1993 volume totalling $163 million or 4.07 billion baht, according to Israel's Trade Ministry.

Agricultural products, fertilizer, chemicals and hi-tech equipment form the main export items from Israel, while Israeli tourists spend some $1,500-2,000 each in Thailand during their stay.

The number of tourists from Israel increased about 70 per cent last year, partly due to the opening of direct flights between Bangkok and Tel Aviv, the envoy said. El Al, Israel's national flag carrier, started flying to Bangkok in December 1993.

Commerce Minister Receives DPRK Official

BK0702093995 Bangkok NAEO NA in Thai 7 Feb 95 p 17

[FBIS Translated Text] After receiving (Li Song-de), chairman of the DPRK Foreign Economic Commission, who is on a visit to Thailand at the invitation of the Commerce Ministry, Commerce Minister Uthai Phimchaichon reported that he and the North Korean visitor discussed the expansion of trade between their two countries and obstacles in the way. Uthai noted that the value of bilateral trade has been declining steadily despite the fact that there should be high demand in North Korea for Thai consumer products, such as clothes, canned goods, and decorative items.

Uthai said if there is a way to expand trade that Thailand is capable of implementing, he will act on it immediately. He explained to the North Korean visitor the importance of trade strategy and the need for the new DPRK Government to play a role in the expansion of trade. Uthai said the North Korean visitor will be meeting with the Thai private sector to discuss products which can be traded in.

According to Uthai, the Joint Thai-DPRK Trade Committee, which was formed in 1987 and has never yet met, will be revived. The DPRK visitor asserted that his country intends to host the first meeting, possibly in April this year.

"I believe that the joint committee will be very useful because the private sector will be able to propose products while the government sector will learn if there are obstacles in the form of regulations or laws so that it can take corrective action."

On the impact of U.S. sanctions against China on Thai exports, Uthai said the issue is still in the negotiation stage. He said if China could not export its inexpensive products and there is still a demand in other countries, demand for Thai products could rise.

Choice of New Foreign Minister Examined

BK0302132495 Bangkok BANGKOK POST in English 3 Feb 95 p 4

[Article by Nattaya Chetchotirot and Woranan Khrongbunying: "Still Looking For 'Mr Right'"]

[FBIS Transcribed Text] No Thai politician or Foreign Ministry official can really gauge what is happening to the country's image in the eyes of the international community as a result of Thailand's frequent changes of foreign minister—three in the last 28 months.

In the era of globalisation, the ministry has tried to build a better image for Thailand to be able to play a more active role in international forums. This is not an easy task, as it needs a minister with high skills and abilities to gain respect from other countries.

Sudden and frequent changes of foreign ministers not only affect foreign affairs but also domestic politics.

When Foreign Minister Thaksin Chinnawat was nominated for the portfolio three months ago, politicians and academics, even some foreign ministry officials questioned his constitutional qualifications and appropriateness because of his business interests.

Mr Thaksin's multi-billion-baht telecommunications concession from the Government was the main target of criticism and it proved to be his undoing.

There were, of course, other questions about his suitability to conduct relations with neighbouring countries, also due to his large and controversial business interests in Cambodia.

At the time, Phalang Tham Party (PDP) leader Maj-Gen Chamlong Simuang guaranteed the suitability of Mr Thaksin for this position despite fierce opposition from party rebels and other critics.

It is still unknown how far the PDP's rebel Group 23 will pursue this issue, but Mr Thaksin's resignation does affect the stability of the government.

The rebels want Maj-Gen Chamlong to take responsibility for insisting on Mr Thaksin when they had pointed out that his fitness was in doubt.

Things will get worse if Maj-Gen Chamlong names another non-MP as the new foreign minister.

Senior Foreign Ministry officials are concerned about the untimely departure of their latest minister. One cause for concern is continuity of foreign policy.

Officials said the main theme of the policy would not be changed and it could be pursued by the officials, but the ministry is also facing a major reshuffle of senior officials this year.

Permanent Secretary Pracha Khunakasem retires in September and some ambassadors are due to return home, which means a nearly all-new team, and some issues still need a decision from the head of the ministry.

"We don't have time for the new person to come and start learning about the work all over again. Several significant issues and projects which Mr Thaksin already laid the groundwork for should be followed through," the officials said. Improving relations with neighbouring countries is always a top priority of Thai foreign policy. There is a lot of work to do, not just to maintain existing relations, but also to initiate new cooperation and to build confidence with them.

Mr Thaksin, during his 100-day tenure, visited other ASEAN members and Thailand's immediate neighbours—the fastest-ever familiarisation tour in Thai history.

With Laos, relations cannot yet be assessed. But with Cambodia, at least Mr Thaksin has blown away, maybe temporarily, the cloud of misunderstanding over Thailand's position on the Khmer Rouge. However, relations with Cambodia remain at best, distant.

Relations with Burma have never been better. Thailand continues to serve as a bridge for the isolated military junta in Rangoon.

The two countries are exploring grand development schemes. For example, the proposed "joint development" of the Tavoy deep sea port over 50 years is strongly supported by Mr Thaksin, if not his own brainchild.

The proposal was part of his plan for the Foreign Ministry to be more active in promoting and protecting Thailand's business interest abroad.

In 1995, there will be several international events which Thailand has to host or play a key role at, including summits of ASEAN leaders and of 10 Southeast Asian countries (ASEAN plus Cambodia, Laos, Vietnam and Burma) .

Preparations are being made for a summit between ASEAN and the European Union. Thailand also has to play a leading role in deciding whether to expand ASEAN to include East Asian countries.

The United Nations is marking its 50th anniversary with efforts to restructure its key agencies, including the UN Security Council.

These events require professional preparations and a clear position, if Thailand wants to stand in the forefront of the regional and international community.

No matter whom Maj-Gen Chamlong selects to replace Mr Thaksin, senior officials are hoping that the person will pursue the same policies as Mr Thaksin did.

Sources close to the PDP leader said that he will not give up searching for an "outsider", nor bend to pressure from the PDP rebels.

Group 23 is pushing the party executive committee to consider appointing one of its own MPs, such as At-ong Chumsai Na Ayutthaya, as Mr Thaksin's successor.

"The more pressure there is from this group, the more the party leader opposes their ideas and wants an outsider for the portfolio," a source said.

"He is searching for a good, aggressive and wellknown outsider, but he will consult with party members first," the source added.

If no outsider shows such qualifications, then an insider, such as Phalang Tham MP Krasae Chanawong will become the leading candidate.

Maj-Gen Chamlong is still non-committal.

He insists that party MPs do not always have to be given ministerial posts if there is someone from the outside who can do the job better.

He ruled out making a deal with Seritham Party to allow Seritham leader Dr Athit Urairat, a foreign minister in the Chatchai Government, to take up the portfolio.

"If we exchange ministries with Seritham, it would give us a bad image, since that would mean we could not find anyone to head this ministry. Our members are not that bad," Maj-Gen Chamlong said.

"I want to give an opportunity to someone with real capabilities who is not in politics," he said.

This idea is supported by some senior officials. They say that if the work begun by Mr Thaksin is to continue Maj-Gen Chamlong should again propose an "outsider" who can immediately resume the work.

The problem is that if Maj-Gen Chamlong opts for an outsider instead of naming a party MP, the Group 23 rebels will have an excuse to stir up more problems for the party.

* Deputy Finance Minister Profiled

95SE0087A Bangkok THAN SETTHAKIT in Thai 24-27 Dec 94 p 5

[FBIS Translated Excerpt] [Passage omitted] Anmuai Patise was born on 7 May 1956 at Ban Nong Sieo in Na Cha Subdistrict, Wapi Pathum District, Maha Sarakham Province. He is the son of Mr. Thongdaeng and Mrs. Huai Patise. After completing elementary school at the Khok Sung Temple school in Na Cha Subdistrict, Wapi Pathum District, he attended lower secondary school at the Ruang Withaya School in Wapi Pathum. He then attended upper secondary school in Bangkok at the Phadungsuk Phithaya School. After that, he was admitted to the Faculty of Economics at Thammasat University, where he earned his B.A. degree in economics (with honors) and then his master's degree in economics.

As for his work background, during the period 1968-1971 he worked as a technocrat with the Thai Chamber of Commerce. During the period 1972-1977 he worked as an instructor at the Thai Chamber of Commerce University. In 1983 he was appointed general manager of the Sugar Products Company Ltd. He became very knowledgeable about sugar matters and was listed in the directory of experts in this field. Because of his expertise in this field, he was made a member of the extraordinary subcommittee to draft the Sugar Cane and Sugar Act of 1984, and he served as a member of the Sugar Cane and Sugar Committee, an adviser to the Sugar Cane Farmers

Cooperative Association of Thailand, and the secretary general of the Sugar Cane and Sugar Experts Association of Thailand.

As for political positions, in 1986 he served as an adviser to the deputy minister of commerce. In 1988 he served as a member of parliament from Maha Sarakham Province. During the period 1988-1990 he served as the assistant secretary to the minister of finance. In 1992 he was made secretary to the minister of finance, and in 1994 he was appointed deputy minister of finance. The decorations awarded him include the Tritaphon Mongkut Thai and Tritaphon Changphuak decorations.

* Minister Discusses Aviation Investment, Policy

95SE0087C Bangkok THAN SETTHAKIT in Thai 17-20 Dec 94 p 58

[Interview with Communications Minister Wichit Suraphongchai, place and date not given]

[FBIS Translated Text] [THAN SETTHAKIT] What is the policy with respect to developing the aviation industry?

[Wichit] I will promote allowing as much freedom as possible so that there is market competition. To do this, we will consider amending various acts, ministry regulations, and cabinet resolutions, particularly the way in which we consider granting approval concerning the use of aircraft, the aviation business, and requests to build airports or temporary landing strips. Besides this, we will develop the government's airports, and new airports will be built by the government or private sector. Also, the existing airfields of various government units will be opened to the public to facilitate travel in the provinces.

At the same time, we will support the light aircraft repair center program. People in the private sector are very interested in this. Steps will be taken to build the domestic aircraft market so that there are more aircraft, particularly personal aircraft. To do this, we will try to reduce the number of rules and regulations, which now pose an obstacle, so that things can be carried out in accord with the long-term plan, which calls for Thailand to become one of the world's transportation centers. This will be coordinated with other important projects such as the wide-bodied aircraft repair center project at the Utaphao air base, the second international airport project, and the Konbel Trans Park Project.

[THAN SETTHAKIT] What will be done to promote the domestic aviation business?

[Wichit] I will try to end the monopoly and allow competition to play a greater role. That is, we will allow people to engage in this business. If someone is interested in establishing an airline, I will gladly support him. As for the six-seven private companies that have submitted requests, their requests will be reviewed again, because if Thailand has many airlines, that will make things more convenient. All of these things will make things more convenient for people who want to travel. This will also help distribute growth to the provinces.

[THAN SETTHAKIT] Does this include reviewing the request by Bangkok Airways to become a registered airline?

[Wichit] I will certainly have to review this. But we have to consider whether Bangkok Airways has sufficient capabilities. If they are prepared and have the capabilities to carry on operations, the Ministry of Communications should promote that.

[THAN SETTHAKIT] If many airlines are allowed to operate, what affect will that have on subsidiary companies of Thai Airways International?

[Wichit] I am not interested in whether that affects them or not. The only thing I am interested in is benefiting the public. If something benefits the people, we must do that as quickly as possible. I think that fostering competition will be good, because that will lower the cost of the services offered to customers.

[THAN SETTHAKIT] What is your policy regarding the wide-bodied aircraft repair center of Thai Airways International?

[Wichit] I hope that that project can be carried out as soon as possible. That is, I hope that construction can get underway very soon. We will adhere to the original principles. After construction has been completed, we will reconsider the administrative line. That is, we will consider whether it will be established as a subsidiary joint-capital company or whether Thai Airways International will carry on operations, keeping only the maintenance account separate. But if things are done the second way, much time will be wasted discussing this, because this is contrary to the cabinet resolution.

Thus, the matter will have to be submitted to the cabinet again. In the present political situation, I don't know when it will respond. Because of this, this project might be delayed. Originally, it was planned to establish the company by January 1995 and have it begin providing services by 1997. But this will probably be delayed. This will affect other important projects such as the Konbel Trans Park project and the Nong Ngu Hao airport project. Besides this, the aircraft repair and maintenance center at Don Muang won't be able to handle all the work for many more years, because the number of aircraft in this region is now growing at a rapid rate.

[THAN SETTHAKIT] With respect to public-sector units, what steps will be taken to ensure that things are in line with the policy?

[Wichit] To ensure that the development of Thailand's transportation industry is harmonious and that development proceeds in the same direction, I have informed each unit of our policy. Within 2-3 weeks, they are to submit work plans to us based on the policy. Altogether, there are five points. First, we must all work together to end the imbalance among the units with respect to capabilities. We must see what steps can be taken to increase service capabilities. This might be done by building new projects, such as building additional airports. Second, we must increase our capabilities. The various units must increase their knowledge so that they can expand their work. Third, steps must be taken to improve the efficiency of the units. That will increase their business capabilities. This is referred to as re-engineering. Many units must give attention to this. Fourth, we must amend those regulations that pose obstacles and that are outdated. I have asked each unit to determine which laws are hampering things and which ones are too strict. Fifth, there is the issue of personnel. Each unit must focus on developing and maintaining its personnel. Thus, I have asked each unit to prepare a plan to prevent a brain drain and to create inducements for people.

Besides this, each unit should have a clear operations line. They should be capable of monitoring and evaluating things. The important thing is that they must always consider the safety of the public. The policies and plans that have already been implemented should be continued. They should not be halted. There must be continuity in order to hit the targets.

* NESDB Chief Reviews 8th Development Plan

95SE0087B Bangkok DAILY NEWS in Thai
20 Dec 94 p 9

[FBIS Translated Excerpt] Mr. Sumet Tantiwechakun, the secretary general of the Office of the National Economic and Social Development Board [NESDB], or Development Council, said that national development during the first two years of the Seventh Development Plan, which was implemented in 1992, has been very successful from the standpoint of economic growth. But there are two major problems.

First is the income gap between people in the country. That is, there is a wide gap between the rich and the poor. Second is the quality of life of people. We have not been able to hit the targets in improving the quality of life here. In the past, the development plans have focused mainly on economic growth. Developing our human resources and improving the quality of life have been secondary matters. Or there have been defensive-type development measures.

Thus, when formulating the Eighth Development Plan, the Development Council decided to focus on developing people, the environment, and our resources. As for economic growth or economic development targets, those are just tools to ensure that economic expansion benefits the people of the country. We will not focus on economic growth figures, and this line will not be discussed with other units. The Eighth Development Plan will be a permanent economic development plan.

Mr. Sumet said that the important point in formulating the Eighth Development Plan is to formulate a plan to truly develop the nation. Ideas will be sought from all sectors, including government officials, people in the private sector, politicians, the mass media, and private organizations, or NGI. "This is the first time that politicians will be been allowed to participate in formulating the plan. This includes both opposition and pro-government politicians."

Another important feature of the Eighth Development Plan is that it will focus on developing the country to achieve the greatest efficiency possible. In particular, the public-sector apparatus must be improved so that it can provide support and coordinate development together with the private sector. This includes developing our manpower in the bureaucracy so that the bureaucracy is just as efficient as the private sector. [passage omitted]

* NESDB Plan Assessed, Recommendations Offered

95SE0088A Bangkok DAILY NEWS in Thai
26 Dec 94 p 9

[FBIS Translated Text] The Seventh National Economic and Social Development Plan (1992-1996) has now passed the halfway mark. But with respect to the main policies that the government is trying to implement, that is, dispersing income to the provinces with the help of the Ministry of Finance and reducing the gap between the rich and the poor, things have moved in the opposite direction. The results achieved have not been in accord with the targets set, with the results hitting wider and wider of the mark. DAILY NEWS would like to lay out in detail the main plans, results of the activities, and the proposals for solving the problems of the Office of the National Economic and Social Development Board [NESDB], or Development Council, as these relate to monetary and fiscal policy.

Main measures and plans:

1. Mobilizing domestic savings:

Domestic savings should rise from 28 percent of the gross product in 1991 to an average of 32 percent in 1996. This is to be achieved by reforming the tax system and structure in order to encourage savings. Several measures have been implemented such as promulgating the 1992 Securities and Securities Exchange Act, allowing the commercial banks and finance companies to serve as agents in selling government and state enterprise bonds, relaxing regulations on opening commercial bank branches, supporting the establishment of provident funds, life insurance businesses, and mutual funds, and promoting the central retirement fund of government officials.

2. Changing the structure of the monetary, finance, and capital market systems to support increasing our ability to compete with other countries.

2.1. Reducing monetary restrictions.

2.2. Developing finance and securities activities.

2.3. Improving the tax structure in order to reduce distortions and generate greater competition.

2.4. Using tax measures in order to reduce land speculation.

3. Developing the capital and financial markets so that they become financial centers and international securities markets.

3.1. Developing things so that Thailand becomes a financial center in this region by:

—Providing support so that the Thai baht and Thai financial institutions can play a role in the trade and investment systems in neighboring countries.

—Developing the international loan system so that it becomes broader and more efficient and meets international standards.

—Developing the forward foreign exchange market in order to support increased foreign currency transactions.

3.2. Developing the Thai securities market so that it becomes an international securities market by:

—Supporting the establishment of agent offices of foreign securities companies and transferring technology used in securities activities. This includes considering allowing Thai companies to sell shares on foreign markets.

—Considering allowing foreign companies to sell shares on the Thai securities market and supporting the establishment of a capital mobilization fund to invest in foreign stock markets.

—Considering allowing international securities activities to be carried on freely.

4. Dispersing power to and increasing the financial capabilities of the localities:

—Enabling the provinces to formulate their own budgets and amending the rules and regulations concerning the use of budget funds by regions and provinces.

—Preparing tax charts and property records and improving the estimation of land prices to reflect market value.

—Amending the law on the production of goods using certain types of underground natural resources and revising the criteria for managing revenues from local taxes.

—Supporting having the private sector play a role in developing public services and supporting having the localities mobilize capital for investment projects by issuing bonds on the securities exchange.

5. Implementing financial policies in order to disperse income and property ownership fairly.

—Considering ways to implement an inheritance tax and use an asset tax system instead of local improvement and land and building taxes.

—Setting the tax rate on fallow land or land that is not put to use higher than that for land that is put to use and changing the structure of the personal income tax collected from short-term and speculative land transactions so that the tax burden is greater.

—Increasing the national budget funds allocated for the economically and socially underprivileged in both rural areas and urban slums and supporting the price of agricultural products.

6. Measures for dispersing credits and finance and capital market services to the localities and underprivileged.

—Providing more capital so that the Bank for Agriculture and Agricultural Cooperatives can provide credit services to farmers and agricultural activities and supporting the Finance Institute for Small Industry to enable it to provide more credit to small industries in the provinces.

—Supporting the granting of medium- and long-term credits to the agricultural sector, particularly to the rural poor, extending credit to those who are self-employed, who have an economic path, particularly the underprivileged poor, and establishing a housing credit institute.

—Revising the policy on allowing financial institutions to open branches, with the focus being on opening branches in the provinces, and increasing the number of branches of the Bank of Thailand in the provinces.

—Encouraging the securities companies to open offices in the provinces and disseminating the same information to investors in the provinces that is provided to investors in Bangkok. Giving businessmen in the provinces a greater chance to raise capital on the securities exchange and encouraging companies to formulate plans to distribute more shares to their personnel by granting tax benefits.

—Considering stipulating compensation for government officials and state personnel based on living conditions and administrative characteristics, with this closely matching the compensation paid in the private sector, and improving the welfare services provided to low- and middle-income government officials and state personnel.

—Considering taking steps to maintain stability with respect to the price of agricultural goods and the incomes of farmers by having an efficient organizational and administrative system that does not place too great a burden on the state.

Setting fair wage and compensation rates for poor workers, with consideration also given to their efficiency in production and work.

Problems:

1. It is thought that the gap between savings and investment will not hit the target, which was to be reduced to 2.5 percent of the gross product by the final year of the Seventh Plan, unless urgent steps are taken to mobilize savings.

The encouragement of committed savings and the development of a secondary market for government bonds and debt instruments is moving slowly. At the same time, there are problems stemming from the tax rates of various financial instruments and problems concerning the tax burden arising from the transfer of financial instruments.

Recommendations:

1. The government should attach greater importance to raising real incomes, particularly the incomes of farmers and laborers, through the expenditure budget.

2. Measures should be implemented to raise levels, and tax measures should be used to encourage people to save more, particularly in the household sector.

3. A national-level organization should be established to stipulate measures to promote savings and to monitor the results of the work.

Problems:

1. Little is being done to develop secondary debt instrument markets and quoted interest rates.

2. In reducing import duties in accord with the AFTA agreement, there should be clear plans for switching to the cultivation of other types of crops that can compete with other countries.

3. Short-term land speculation is still a problem. This increases the investment costs of businessmen. Thus, the government must take steps to solve this problem by improving the tax structure and changing the tax rates. This concerns various laws and regulations.

Recommendations:

1. The government should take quick action to increase liquidity in the financial system and improve financial services by:

—Monitoring the easing of those regulations that allow interest rates to fluctuate on their own based on market conditions and the difference between interests rates here and abroad, which are beginning to narrow, in order to consider the competitiveness of domestic financial institutions.

—A secondary debt instrument market should soon be established, the quoted interest rates of debt instruments should be developed, and the problem of overlapping taxes in buying and selling financial instruments should be solved.

—Businesses to manage the assets of other individuals or trusts should be established.

—The legal, tax, and infrastructural problems of businesses should be solved. Debt should be transformed into financial instruments or investment units.

Problems:

1. Today, there are very few "out-out" type foreign financial activities, particularly in the Indochina countries. At the same time, there is a rather serious shortage of people to carry on foreign financial activities. Besides this, Thailand still doesn't have an off-shore banking law.

2. Securities investments by foreign investors in various types of business activities are restricted in terms of the number of shares that they can own. That is, they cannot own more shares than that permitted by law.

3. Few companies in the provinces have registered on the securities exchange.

4. The amount of capital mobilized by the basic services state enterprises through the securities exchange is very small as compared with the increase in investment each year.

5. Local administrations have not mobilized capital directly by issuing bonds.

Recommendations:

1. Increasing the "out-out" activities of foreign financial activities with the Indochina countries should be promoted, and consideration should be given to establishing an Indochina development fund to guarantee loans to and investment in the Indochina countries. Quick action should be taken to develop personnel in the foreign financial sector, and an off-shore banking law should be drafted.

2. The role played by the baht in trade and investment in the Indochina countries should be promoted, and the payment system used by Southeast Asian countries should be developed.

3. A Thai Trust Fund should be established so that foreign investors can invest in securities without being hampered by Thai laws.

4. An over-the-counter (OTC) securities trading center and a forward securities market should be established in order to reduce present fluctuations in share prices.

5. Regulations should be relaxed, and more companies in the provinces should be encouraged to register on the securities exchange.

6. State enterprises should be encouraged to mobilize capital through the securities exchange, and a fund should be established to insure the credit risks taken by commercial banks that extend credit to municipalities and other local administrative organizations.

Problems:

—In granting power to manage budget funds so that the localities can manage projects through the provincial development project, it has been found that the people do not understanding things and tend not to participate. There is also the problem of coordinating data between Bangkok and the localities. Also, efficiency in carrying out things is different in each locality.

—As for budget management in the localities, collection is still inefficient, and there are not enough people to monitor things and ensure that the full amount is collected.

Recommendations:

—Support should be given to dispersing budget funds to the provinces and localities through the provincial development project, subdistrict development project, rural development fund, and fund for disbursing production and employment to the provinces.

—Quick action should be taken to amend the ministry regulations and acts concerned in order to disperse financial power to the localities as soon as possible.

—In the short term, the duties and responsibilities of the localities should be stipulated in accord with their increased financial capabilities once their revenues have been increased. As for the long term, the sharing of responsibility for development between Bangkok and the localities should be reviewed, and budget funds should be allocated accordingly.

Problem:

—The budget funds available for dispersing revenues and welfare benefits directly to the underprivileged in society are still very small as compared with demand and the present situation, particularly in providing education and training to laborers who are moving out of the agricultural sector into industry, which requires highly skilled laborers.

Recommendations:

—Market intervention by the state in order to raise the price of agricultural goods is only a short-term measure. Thus, the focus should be on a combination of agricultural measures in order to reduce the income risks faced by farmers over the long term.

—Emphasis should be given to vocational development and short-term training in order to improve the efficiency of the laborers in the agricultural and industrial sectors in the provinces. That will support the government's policy of dispersing industry to the provinces.

Problems:

—In dispersing capital to the provinces using state financial institutions to carry out things, the capital may not be dispersed equally. This is because there are fewer branches of state financial institutions in the provinces than branches of commercial banks. Thus, the commercial banks should be allowed to play a role in this.

—The government supports having provincial companies mobilize capital on the securities exchange. But it has been found that although a large number of companies have asked to register in order to mobilize capital, only four companies have been granted permission to sell shares on the securities exchange. This is because most of the companies lack the minimum qualifications.

Recommendations:

—The government should consider allowing the commercial banks to play a role in dispersing capital to the provinces, because the commercial banks have more branches than the state financial institutions.

—The Securities Exchange of Thailand should be encouraged to take steps to develop those provincial companies that have asked to register with the securities exchange but that have not yet issued bonds. The Small Industry Credit Insurance Corporation should consider allowing other financial institutions besides commercial banks to use its credit insurance services.

—The stipulations for granting loans to farmers should be reviewed in order to make things more convenient. Also, the Bank for Agriculture and Agricultural Cooperatives should be allowed to participate in considering requests for loans from the very beginning. In the future, such activities should be turned over to people at the provincial level.

* Financial, Economic Policy, Needs Outlined

95SE0089A Bangkok BAN MUANG in Thai
19 Dec 94 p 7

[FBIS Translated Excerpt] The Ministry of Finance has warned that if we are to compete in the international arena, our monetary and fiscal policies must be very strict in order to give us the ability to compete against other countries. There are three points that need to be given attention. That is, we must maintain the security of our financial system, maintain economic stability, and enable businesses in other sectors to grow in an efficient manner. One banker said that in another five years, bank revenues will be very low. The commercial banks must find ways to earn revenues from other sources besides interest. They must extend credit at all levels, including medium-sized and small credits and personal credit. Also, they must try to expand activities in the provinces and in neighboring countries. Another banker said that banks should try to earn money from debt instruments. In the near future, this should be a thriving business. A former deputy minister of commerce said that the business activities within the free-trade framework must be adjusted very quickly in order to support the new customs system that will come into being next year. Businesses that are weak may fail. Financial institutions must adjust their debt instrument situation, and inflation must be monitored in view of the fact that our economy has been growing at a high rate. As for the automobile market, Thailand will switch from being an importer to being a production base in order to export 500,000 cars a year. [passage omitted]

The Ministry of Finance is stressing monetary, fiscal, and tax policies to give us the capabilities to compete against other countries. Attention must be given to three things, maintaining the security of our financial system, maintaining economic stability, and enabling businesses in other sectors to grow in an efficient manner.

Mr. Somchai Ruchuphan, the director of the Fiscal Policy Office, gave a speech at a seminar for administrators on formulating plans to meet the business challenges next year. This seminar was held by the Business Management Association on its 30th anniversary. [passage omitted]

The monetary and fiscal policy implemented by the country's monetary sector will have to focus on three important aspects, that is, maintaining the security of the monetary system, maintaining the stability of the economy, and supporting the business activities of other sectors so that they grow in an efficient manner. On the fiscal front, fiscal stability must be promoted. Today, we are doing a good job and have had treasury reserves for 7 consecutive years. We must increase efficiency in the basic public services and charge suitable prices for these services, that is, they must not be too high or too low. Costs must be low, and we must develop the skills of our laborers and develop our technology.

As for tax policy, the Ministry of Finance disagrees with using tax policy to support production in a particular sector. Instead, this must promote things in general. In particular, if tariffs are lowered, businesses must not be allowed to use this as a variable in carrying on business activities. Taxes must be lowered so that those in the business sector can compete against their competitors. Taxes must be correct, simple, suitable, and clear, because taxes are a business variable that affect the decisions of those in the business sector. [passage omitted]

Dr. Olan Chaiyaprawat, the managing director of the Thai Commerce Bank, said that during the next five years, commercial banks must find ways to earn revenues from other sources besides interest, and they must extend medium-sized and small credits, including personal credit. They should expand operations to the provinces and neighboring countries. At the same time, we must not forget the shortage of personnel in the fields of finance and technological development. This poses an important obstacle in developing our financial institutions.

Dr. Olan talked about the role of ordinary financial institutions and interest rate trends in 1995. He said that during the next five years, commercial banks will have to find ways to earn revenues from other sources besides interest, particularly commercial financial activities. This because in the future, the large investment projects will be able to mobilize capital on their own. The interest differential on the money loaned to large projects will decline, but the banks will earn revenues by serving as financial consultants. In order to increase revenues from fees, the commercial banks will have to consider extending more credit to medium-sized and small projects. This includes personal credit, where the interest differential is still rather large. But these activities are very risky. The banks will have to have good credit management in order to reduce the risk. The provincial credit markets are very interesting, because the government has implemented a policy of dispersing growth to the provinces. Because of this, the need for investment in the provinces will increase.

At present, several financial institutions are focusing more and more on the provinces. In particular, it is expected that next year officials will permit extending foreign financial credit (BIBF) in the provinces in the form of both foreign currency and baht. Besides this, finance companies will be allowed to open approximately 400 more credit offices in the provinces next year. Another possibility is to expand operations to neighboring countries where it is possible to make medium- and long-term investments. Because in the next five years, the competitiveness of our neighbors still won't match that of Thailand today. But in expanding operations in neighboring countries, the banks must do this together with industries that are customers of theirs.

An important obstacle in the development of the financial institutions is the shortage of personnel, particularly commercial finance personnel. Today, the usual practice is for an institution to hire people away from other institutions rather than train people itself. The large financial institutions have a great advantage in this. The financial institutions should all help train people, which would benefit the financial institutions in general. Engaging in activities based on fashion, or market tastes, is an important obstacle. The financial institutions should know what their position is and focus on that. Also, they need to use information technology to provide support. In the next 5 years, those financial institutions capable of making the best use of information technology will be the winners. [passage omitted]

Another banker talked about the direction and future of various businesses, particularly the finance and banking businesses. He said that in the future, banks will have to change direction in carrying on operations. Instead of just extending credit and relying on revenues from interest, they should start focusing on financial services activities, which generate income from fees and which are not very risky. That will benefit shareholders.

MR [royal title] Pridiyathon Thewakun, the managing director of the Import-Export Bank of Thailand, a former spokesman for the Office of the Prime Minister, and a deputy minister of commerce for several terms, talked about the expansion of Thailand's economic base in the region. He said that what will happen in 1995 is that the creation of a free-trade zone, regardless of whether it is AFTA or GATT, will make it necessary for Thailand to make major changes so that we can compete with world trade. We must quickly improve our tariff system. The change in our tax system this coming year will be a major change. More than 100 tax rates will be lowered, with probably only 3-5 remaining. This reduction in taxes will affect all types of businesses and all businessmen. Thus, they will have to formulate a strategy and make preparations so that they are prepared to compete. [passage omitted]

As for industrial development, it's time that merchants served as a base for the production of quality goods. And a production base must be built in Laos and Burma. As for Vietnam, many other countries have already invested there. These countries provide a large opening for Thai investment. Others will take this opportunity and become competitors of Thailand, because opportunity and trade arise simultaneously. Thai businessmen can no longer be businessmen just in Thailand. They must also invest abroad. The world has already given Thailand a great opportunity. If we don't take advantage of this, we will have lost a good opportunity. [passage omitted]

Ministry Weighs Branches for Phaisan Insurance

BK0602044895 Bangkok BANGKOK POST in English 6 Feb 95 pp 19, 21

[Report by Somphon Thapanachai]

[FBIS Transcribed Text] Universal Insurance Co, which has been at the centre of a lengthy debate over foreign ownership, may be allowed to open six branches in Thailand, says Deputy Commerce Minister Chaiyot Sasomsap.

The application by the company, also known as Phaisan Insurance, to open 11 branches turned into a dispute over both the Thai insurance law and the Thailand-US Treaty of Amity.

The Commerce Ministry initially rejected the company's application, saying its 99.84 perecent foreign shareholding (by US interests) made it a foreign company under the 1992 life Insurance Law.

The company subsequently invoked the Treaty of Amity, which grants the same rights to US-owned businesses operating in Thailand as Thai companies enjoy. However, two weeks ago, the International Economic Policy Committee ruled that insurance was a kind of fiduciary business and not subject to the treaty.

Mr Chaiyot says he is now looking at another application the company submitted in 1981, to open six branches since that was before the current law came into force, the 1967 Life Insurance Law should apply, he said.

The 1967 law states that an insurance company that is not a branch of a foreign firm could open branches if it received approval from the commerce minister.

Mr Chaiyot said the 1981 application was not against the law of the day but was rejected because the ministry feared the company would expand to compete unfairly with Thai companies at a time when the local insurance industry was in its infancy.

The application sought permission for branches in Songkhla, Phuket, Nakhon Ratchasima, Nakhon Sawan, Chiang Mai and Bangkok. In 1992, the company asked to open branches in Chon Buri, Trang, Rayong, Udon Thani and Surat Thani.

Because it has been unable to operate branches, Phaisan Insurance is now operating 11 representative offices instead.

But the representative offices are deemed to contravene the 1992 Insurance Law, which states that any such offices set up separately from headquarters needs to be transformed into branches.

Because foreign companies cannot open any new branches, the company claimed Thai nationality, noting that it was registered here in 1952.

In the absence of a ruling on the application of the Insurance Law, the US Ambassador to Thailand has asked for the company to be considered under the Treaty of Amity.

However, Deputy Prime Minister Suphachai Phanitchaphak, who chairs the International Economic Relations Committee, is reluctant to link the case of Phaisan Insurance with the treaty.

He said he would listen to Mr Chaiyot's arguments and would seek evidence that the company would not act as a front for other insurance firms, before making a final decision.

Vietnam

Commentary Views Full Membership in ASEAN

BK0702135895 Hanoi Voice of Vietnam in English 1000 GMT 7 Feb 95

[Station commentary]

[FBIS Transcribed Text] Philippine President Fidel Ramos has welcomed Vietnam's participation in ASEAN. He was speaking in Manila during a reception given to Vietnamese Foreign Minister Nguyen Manh Cam. Here is our radio editor's opinion:

Although many countries wanted Vietnam to soon become a full member of this organization, their wish is expected to be realized this year. On October 17 last year, Vietnamese Foreign Minister Nguyen Manh Cam sent a letter to the Brunei Foreign Minister, who was

President of ASEAN Permanent Committee, informing him of Vietnam's wish to become a full member of the organization. Earlier, the 27th ASEAN foreign minister conference held in Bangkok agreed to soon have Vietnam membership. As a result, the 28th ASEAN foreign minister conference to be held in July in Brunei this year will officially acknowledge Vietnam as a full member of ASEAN.

The organization now includes six of the 10 countries in Southeast Asia. Economic development in each member country has helped ASEAN becoming a prestigious organization in the international arena. It has close relations with almost all developed countries and political and economic organizations in the world. ASEAN forums have attracted attention and participation of many large countries and international organizations.

ASEAN is also an important counterpart of the United States, Japan, and Western Europe. Therefore, Vietnam as an ASEAN member will have a new position and strength and many favorable opportunities to integrate in the region and the world. Vietnam will be able to participate in about 80 projects under political and economic agreements and treaties.

ASEAN has another six projects in cooperation with the EU, Canada, and Australia. Every year, ASEAN holds about 300 meetings. Vietnam is required to take proper steps toward participation in ASEAN. Vietnam and ASEAN have held negotiations to study what these steps should be.

Foreign Minister Nguyen Manh Cam, in a recent statement, said that after becoming a full member of ASEAN, Vietnam would participate in a few ASEAN projects and meetings. Then, it would become further involved in all ASEAN activities. Vietnam will participate in ASEAN projects relating to finance, technique, culture, information, environment, health care, and tourism. Initial steps will help Vietnam know more about ASEAN and prepare for full participation. Vietnam is trying to keep pace with ASEAN member countries as this will help it to fulfill all tasks as a full member. It is expected that it will quickly integrate in the regional and world economy.

Foreign Minister Visits Manila for Bilateral Talks

Arrives in Manila

BK0402111095 Hanoi VNA in English 0637 GMT 4 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 4—Foreign Minister Nguyen Manh Cam arrived in Manila, the Philippines, on Feb. 3 for the first session of the joint commission for Vietnam-Philippines bilateral cooperation.

He is scheduled to have talks with his Philippine counterpart Mr. Roberto Romulo on bilateral issues.

On Feb. 5, he will leave the Philippines for Australia and will be expected next in Singapore on Feb. 11 for two days of talks.

Official sources said Cam's talks in the three countries will range over bilateral trade and economic relations as well as regional issues.

Meets With President Ramos

BK0602030395 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 5 Feb 95

[FBIS Translated Text] At the Malacanang Palace in Manila on 4 February, Philippine President Fidel Ramos cordially received and held talks with Vietnamese Foreign Minister Nguyen Manh Cam, currently on an official visit to the Philippines to attend the first session of the Vietnamese-Philippine Joint Commission for Economic, Trade, and Scientific-Technological Cooperation.

President Fidel Ramos sincerely thanked Foreign Minister Nguyen Manh Cam for conveying the friendly greetings and new year's best wishes of party General Secretary Do Muoi, President Le Duc Anh, and Prime Minister Vo Van Kiet. The president expressed his desire to welcome President Le Duc Anh, who will soon pay an official visit to the Philippines. President Fidel Ramos asserted that the Philippines welcomes Vietnam's joining ASEAN, considering this a new factor in accelerating regional cooperation. The president said his country wants to assist and expand cooperation with Vietnam in the areas of cadre training; public health; production and processing of agricultural products, including rice; and building of medium and small-scale enterprises. The Philippines has been assigned by APEC [Asia Pacific Economic Cooperation] to act as the liaison country in these tasks.

Attends Joint Cooperation Meeting

BK0602043395 Hanoi VNA in English 1445 GMT 5 Feb 95

[FBIS Transcribed Text] Hanoi VNA February 5—The first session of the Vietnam-Philippines Intergovernmental Committee for Economic, Commercial, and Scientific-Technological Cooperation was held in Manila, the Philippines, from February 3-5.

A Vietnamese delegation led by Foreign Minister Nguyen Manh Cam and a Philippine delegation led by Foreign Minister R. Romulo attended the session.

The two foreign ministers highly valued the significance of the committee's first session as a new step to promote the friendship and cooperation between the two countries. They stressed on the special importance of the 1992 and 1994 summits which worked out basic orientations for the bilateral multisided cooperation. The two sides noted that though their economic and commercial cooperation was developed well in the past time, the scale of their cooperation was small. They agreed to strengthen the exchange of information and visits, and the organization of seminars and exhibitions and to promote their cooperation in agriculture, farm produce processing, aquaculture, cultural exchange, tourism, personnel training, and management of small and medium-sized enterprises.

The Philippine side expressed its wish to cooperation with Vietnam in the fields which it has great potentials. Exchanging views on the regional situation, the two sides affirmed their desire to actively contribute to the trend of peace, stability and cooperation in Southeast Asia, and to settle all differences and conflicts on the Eastern Sea [South China Sea] by peaceful negotiation. The two sides noted the ASEAN foreign ministers' 1992 statement would be the best basis for the maintenance of stability in the region. The Philippines supports Vietnam's participation in ASEAN this year and is ready to help Vietnam train personnel for the cooperation under the framework of ASEAN.

Foreign Minister Nguyen Manh Cam and Minister R. Romulo signed minutes of the first session and Deputy Foreign Minister Vu Khoan and Deputy Minister M. Severino signed a memorandum of understanding on principle on repatriating of Vietnamese boat people.

The first session of the committee took place in an atmosphere of friendship, mutual understanding, and confidence.

Hanoi Hails Joint Meeting With Philippines

BK0602151595 Hanoi Voice of Vietnam in English 1000 GMT 6 Feb 95

[Station commentary]

[FBIS Transcribed Text] The first session of the Vietnam-Philippines Joint Committee for Economic, Commercial, and Scientific and Technological Cooperation was held in Manila from 3-5 February. Following are our comments:

The Philippines is one of the six member countries of the Association of Southeast Asian Nations, or ASEAN. Vietnam and the Philippines have had traditional cultural and commercial exchange. The two countries set up diplomatic relations in 1976, but in recent years relations between the two countries have developed. The visits to the Philippines by Prime Minister Vo Van Kiet and President Le Duc Anh and to Vietnam by President Fidel Ramos constituted an important turning point for development of bilateral relations in many areas.

Two-way trade turnover increased from $12 million in 1988 to nearly $50 million in 1993. The Philippines now has 11 projects in Vietnam with a total capital of $60 million. It ranks fifth among ASEAN member countries and 18th among nations with investment in Vietnam. A number of agreements on economic, commercial, scientific, technological, and aviation cooperation as well as an agreement on investment encouragement and protection have been implemented.

The first session of the Vietnam-Philippines Joint Committee for Economic, Commercial, Scientific, and Technological Cooperation was a new step to promote friendship and cooperation between the two countries. The two foreign ministers of Vietnam and the Philippines stressed the special importance of the 1992 and 1994 summits which worked out basic orientations for bilateral multisided cooperation. They noted their economic and commercial cooperation was still only small in scale.

The two sides agreed to strengthen the exchange of information and visits, the organization of seminars and exhibitions, and to promote cooperation in agriculture, farm produce processing, aquaculture, cultural exchanges, tourism, personnel training, and the management of small and medium-sized enterprises.

On the regional situation, the two sides affirmed their desire to actively contribute to the trend of peace, stability, and cooperation in Southeast Asia and to settle all differences and conflicts in the East Sea by peaceful negotiations.

The two sides said the ASEAN foreign ministers' 1992 statement was the best basis for the maintenance of stability in the region.

The Philippines supports Vietnam's participation in ASEAN this year and is ready to help Vietnam train personnel for cooperation under the framework of ASEAN.

Prime Minister [as received] Nguyen Manh Cam and Foreign Minister Roberto Romulo signed the minutes of this first session and Deputy Foreign Minister Vu Khoan and Deputy Minister Severino signed a memorandum of understanding on the repatriation of Vietnamese boat people.

Do Muoi Greets Former Political Prisoners

BK0602072395 Hanoi VNA in English 0613 GMT 6 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 6—A get together was held here yesterday by the Liaison Committee of Con Dao political prisoners in the presence of party General Secretary Do Muoi.

Present at the event, occasioned by the 65th founding anniversary of the party, the lunar new year festival, and the longevity of veteran revolutionaries, were Mr. Vu Oanh, Politburo member, Mr. Le Xuan Tung, member of the party Central Committee and deputy secretary of Hanoi party committee, and more than 130 Con Dao political prisoners of many generations.

On this occasion, party General Secretary Do Muoi expressed gratitude to the veteran revolutionaries, including Con Dao political prisoners, "Today's generation and those in the future will forever follow your example to build and defend the country", he stressed.

Mr. Le Xuan Tung, on behalf of the city's party committee and people spoke about the achievements recorded by Hanoians last year: The city' GDP increased by 18 per cent, investment increased considerably and the city built 180,000 square metres of housing space and average per capital income reached USD [U.S. dollars] 614.

Vo Van Kiet Visits Hometown, Ho Chi Minh City

BK0602093095 Hanoi VNA in English 0613 GMT 6 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 6—Prime Minister Vo Van Kiet on Feb. 4 paid a lunar new year visit to his native land at Binh Phung Hamlet, Trung Hiep Village, Vung Liem District, Vinh Long Province, where he had a cordial meeting with officials of the local party and people's committees, heroic mothers and revolutionary veterans.

Prime Minister Kiet expressed his satisfaction at the improvement of the economic life as well as the daily life of the local population who are all being provided with electricity for production and lighting.

Earlier, on Feb. 3, the government leader attended a grand meeting held in Ho Chi Minh City to mark the 65th anniversary of the Communist Party of Vietnam.

Vo Van Kiet Meets on Mekong Safe Water Program

BK0702094095 Hanoi VNA in English 0713 GMT 7 Feb 95

[FBIS Transcribed Text] Hanoi, VNA Feb. 7—Prime Minister [P.M.] Vo Van Kiet yesterday had working sessions with all agencies involved in implementing the safe water programme in the Mekong delta.

The meeting comprised the government's Steering Board for the Rural Safe Water and Environment Programme, chairmen of the 11 Mekong River delta provinces, leading officials of the Ministries of Construction Labour, War Invalids and Social Affairs Public Health Water Resources the National Centre for Natural Science and Technology, the Vietnam's Peasant Association, the Central Committee of the Ho Chi Minh Communist Youth Union, and the Rural Safe Water Programme.

P.M. Kiet heard reports delivered by the Steering Board and other leading officials on real situation in the Mekong River delta, reviewing the implementation of the Instruction No. 200/TTG of the prime minister on safe water and environmental sanitation, and outstanding problems. At present, 39 safe water sources were made available for more than 4.7 million inhabitants. Half of the water sources were for medical facilities, kindergartens, schools, remote areas and new economic zones.

After bringing out the lack of safe water and environmental pollution in the Mekong River delta provinces, P.M. Kiet asked scientists this year to introduce measures to treat polluted water, and for banks to have policy on preferential loans for poor (?fishermen) to do other trades. He also said that it is necessary to launch an agitation nationwide with a view to disseminate and educate the people to effectively carry out these targets.

Report Says Buddhism 'Constantly' Developing

BK0702100095 Hanoi VNA in English 0814 GMT 7 Feb 95

[FBIS Transcribed Text] Hanoi VNA Feb. 7 - 'The Vietnam Buddhist Church has constantly developed in the heart of the nation' the Executive Council of the Vietnam Buddhish Church (VBC) affirmed at its recent session.

But the Executive Council strongly condemned people who intentionally violated Buddhist constitution, and sabotaged the solidarity among Buddhists and national unity as a whole.

The most venerable Kim Cuong Tu, vice president of the VBC Executive Council, said that Vietnam now has 24 primary and secondary Buddhist schools thoughout the country, two Buddhist institutions of higher learning and two research instititutes which have trained hundreds of thousands of young monks father [as received] and nuns. In addition, the VBC has sent monks and nuns for further study abroad.

Many Buddhist followers have taken part in humanitarian work helping people in flood-stricken provinces in the Mekong and Red River deltas. They have also joined in the Red Cross activities to assist the disabled, orphans, the blind and old people. They also participated in activities of Asian and European Buddhists.

'After the liberation of the south, the United Vietnam Buddhist Church (South Vietnam) and the United Buddhist Chirch of Vietnam (North Vietnam) convened a congress to merge into the Vietnam Buddhist Church in 1981. The most venerable Thich Tri Tinh of the United Vietnam Buddhist Church was made president of the merged organization.

Venerable Thich Thanh Tu, vice secretary general of the Executive Council of the VBC, also noted that Buddhist monks and nuns in various provinces and cities actively took part in charity work, thus contributing nearly VND [Vietnamese dong] four billion (roughly 400,000 USD [U.S. dollars]) to flood victims and over VND ten billion (roughly USD one million) to war invalids and families of fallen combatants. Over 20 public health stations applying traditional medicine are run by Buddhists in many provinces have given medical examinations and treatments to many thousands of patients and granted them medicine valued at nearly VND 500 million (about 50,000 USD), he stressed.

National Assembly Seeks Input on Civil Code

BK0702063295 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 6 Feb 95

[FBIS Translated Text] The National Assembly Office held a press conference in Hanoi on the afternoon of 6 February to introduce a plan by the National Assembly Standing Committee to solicit opinions from the public, sectors, and echelons on various issues of the draft civil code bill. The campaign will be a wide political movement to develop the right to mastery of people from all walks of life; create favorable conditions for them to participate actively in the introduction of a major legal code for the country; and at the same time help them improve their legal knowledge and be more conscious in maintaining high morality, a fine lifestyle, unity, and mutual assistance. The campaign will help everyone be more confident, enthusiastic, and responsible in discharging their obligations as citizens toward national renovation for a prosperous population, powerful country, and equitable and civilized society. It will also provide a chance for all cadres and people to understand our party and state's basic conceptions and policies on issues relating to the civil code, which will be amended under the spirit of the resolutions issued by the sixth and seventh national party congresses and the Midterm National Conference of the seventh party Central Committee, resolutions issued by the party Central Committee, and regulations set forth in the 1992 Constitution.

The public's views are needed to finalize 55 issues in the draft bill that still incite differing opinions. The campaign will begin in February and conclude by the end of July. The views contributed by the people, sectors, and echelons will be collected and studied to amend the draft civil code before its presentation to the National Assembly.

Oil Output Rises; Increase Expected To Continue

BK0602024795 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 3 Feb 95

[FBIS Translated Text] The past few years have seen an increase in our country's crude oil output. We were able to produce 6.9 million tons of crude oil in 1994, an increase of 600,000 tons over 1993.

In 1995, the oil and gas industry is entering a new stage of development that will involve the signing of contracts in the areas of transporting, processing, and trading oil and gas. It is predicted that our oil and gas output will reach 7.8 to 8 million tons within the next two years. Oil and gas output is expected to achieve a rapid increase in 1997 thanks to the recent introduction of a new technical innovation. The figure of 20 million tons of oil and gas will be achieved by the year 2000.

Article Views External Capital Resources

BK0702054695 Hanoi THOI BAO TAI CHINH in Vietnamese 5 Jan 95 p 10

[Article by Nguyen Tien Thuan: "Foreign Economic Relations: Ordeals and Prospects"]

[FBIS Translated Text] The year 1994 ended with very encouraging results in our external economic relations, thus creating favorable conditions for socioeconomic development in subsequent years. Following the normalization of relations with the IMF, we initiated some projects funded by the World Bank and the Asian Development Bank during the year. The lifting of the U.S. trade embargo in February also helped Vietnam develop its economic relations with other countries. In order to double per capita annual income by the year 2000, Vietnam needs about $48-50 billion in investment for the period 1994-2000, including $20 billion raised from inside the country and $28-30 billion from outside.

The external capital resources consist of foreign direct investment [FDI] and official development assistance. It is estimated that in the 1994-2000 period, we must mobilize about $18-20 billion from foreign direct investment and about $10 billion from official development assistance.

Foreign direct investment is used mainly to develop production and business such as oil and gas, electronics, telecommunications, mechanics, processing of agricultural, forestry, and aquacultural products, hotels, tourism, and so forth. Investment in these areas can be beneficial and offers a quick return of capital for foreign investors. Official development assistance is principally concentrated in socioeconomic infrastructure (energy, public roads, bridges, ports, airports, water reservoirs, forestry, sewage, medical and educational services, etc...). Infrastructure development requires a large amount of capital and provides a slow return on investment. It therefore requires official development assistance with concessions for low interest rates and longterm repayments. Official development assistance is chiefly provided by the World Bank, the Asian Development Bank, Japan, and other countries.

The international conference on development assistance to Vietnam held in Paris in November 1993 with the participation of 22 countries and 16 international organizations granted a total loan of $1.86 billion to Vietnam. In November 1994, another conference attended by 18 countries and 16 international organizations granted another $1.985 billion. Consequently, following the two conferences, the international community has provided about 33 percent of the official development assistance required by Vietnam for the period 1994-2000.

As for the sources of FDI, 350 projects were licensed in 1994 alone with a total registered capital of $3.5 billion (an increase of 26 percent over 1993). Since the promulgation of the law on foreign investment (in 1988), to date (late 1994) 1,186 projects have been licensed with a total registered capital of $10.7 billion. Of this, the amount of capital actually committed is estimated at approximately $3.48 billion, with foreign partners holding 80 percent and the Vietnamese side 20 percent. Seven hundered companies from 44 countries have invested in Vietnam, with 54 percent investing in various industrial areas. Seventy percent of the capital is invested in various material production sectors and 60 percent of the projects are to modernize existing units. Enterprises with foreign invested capital have earned $640 million from their goods and services, including $350 million from exports. They employed an additional 40,000 workers in 1994, thus increasing the total number of workers they employed during the 1988-1994 period to 90,000.

This source of capital has contributed to increasing our gross domestic product (GDP) by 7-8 percent per year and has raised the expectation that our per capita GDP will achieve a twofold increase by the year 2000. Major challenges are looming ahead, however. To qualify for overseas development aid (ODA), we must have an average annual emergency fund of $100-200 billion. It is important that we carefully calculate the extent of foreign loans we can afford to repay. According to calculations by experts from the World Bank, if our foreign debts are less than 5 percent of GDP and below 30 percent of our gross export value, we can repay them. It is important that we select the most practical and urgent projects to carry out and make effective use of our existing funds. On the other hand, we must also be aware that along with attracting direct foreign investment we must promptly perfect our laws and regulations, bylaws, and procedures by which business licenses are considered and granted in order to avoid a situation where applicants have to go through many offices to obtain a license. In considering a project, it is difficult to avoid the emergence of differing views between state management organs that may result in investors having to readjust their applications repeatedly, thus prolonging the consideration time. To go through the procedures for an investment project, investors are required to contact dozens of state organs and pay many kinds of unreasonable fees. Everywhere they go they are required to submit a complete set of documents, including papers that are not directly connected with the consideration procedures.

Remarkable and encouraging achievements have been made in the process of attracting foreign investment. Yet many challenges still lie ahead. Greater efforts are therefore needed if we are to overcome these challenges and achieve development.

Results of National Employment Program Cited

BK0702093795 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 6 Feb 95

[FBIS Translated Text] An article entitled Employment, an Urgent Social Issue, written by Thu Thuy in the 6 February issue of NHAN DAN newspaper reveals that after three years of implementing Resolution No. 120 of the prime minister on the national employment policy, 53 provinces and cities in the country have so far approved and carried out nearly 152 small projects with a total investment capital of more than 956 billion dong. These projects have provided jobs for more than 660,000 people. The granting of credit for these projects and the repayment of the loans have been executed satisfactorily. The loans have been granted for appropriate projects and the debtors have used the money properly. At present, the state has retrieved 199 billion dong from 97 percent of the expired projects.

With nearly 190 billion dong reserved for nearly 6,000 projects this year, the national employment program is going to provide jobs for another 200,000 people nationwide.

* Dao Duy Tung Comments on Roots of Renovation

952E0053A Hanoi THOI BAO KINH TE VIET NAM in Vietnamese 29 Dec 94-4 Jan 95 p 3

[By Dao Duy Tung]

[FBIS Translated Text] 1994 was the seventh year in carrying out the all-round renovation line put forth at the Sixth Party Congress. THOI BAO KINH TE VIET NAM has the honor of publishing the following article by Dao Duy Tung, a member of the Politburo, Standing Committee of the Secretariat, and Communist Party of Vietnam [CPV] Central Committee. In this article, he evaluates the renovation movement during the past period and analyzes the sources of the achievements scored.

In 1994, our country's economy grew at a rate of 8.5 percent. This was the fourth consecutive year in which the economy grew at a rapid pace. A number of the economic and social norms put forth for 1995 were fulfilled in 1994. The people's standard of living has continued to improve, and security and national defense have been maintained. The people's confidence in the leadership of the party has been solidified. The achievements scored in 1994 were a development of the great achievements of seven years of renovation, which were affirmed at the midterm conference of delegates.

The achievements in renovation stem from the diligent labor of all our people, from the management and control of the state, and from the renovation line, whose contents contain our country's viewpoints on socialism and the path to socialism and which were formed based on the main points in the program and other documents of the party.

On the economic front, from a model of building a socialist economy with two forms of ownership, that is, all-people's ownership and cooperative ownership, the state has now implemented a multifaceted economic policy, in which state enterprises play a guiding role.

From a bureaucratic centralism and state subsidies mechanism, we have switched to a state-controlled market mechanism having a socialist orientation. As for our production and investment structures, instead of focusing on heavy industry and slighting agriculture and light industry, we began concentrating on three programs concerning food, consumer goods, and export goods. And at the Seventh Plenum of the CPV Central Committee, the viewpoint on production structure was developed further.

On the social front, we advocate coordinating economic growth with social progress and fairness during each step of development and implementing the principle of distribution according to labor in conjunction with expanding social welfare and accepting a number of other forms of regulated distribution. We also advocate encouraging people to become prosperous in legal ways and eliminating poverty. We are socializing many spheres such as education and public health based on the slogan the state and people working together and overcoming excessive state subsidies, or the situation in which everything is handled by the state.

Along with economic and social renovation, there have been important political renovations. The 1992 Constitution of the Socialist Republic of Vietnam [SRV], the law organizing the National Assembly, the law organizing the government of the SRV, the law organizing the people's courts, the law organizing people's organs of control, and many other laws and orders are concrete and very graphic manifestations of political renovation. Forms of democratic life in the political system, in society, and in the press have been expanded, and these show the democratic nature of our system. Our party, which leads the state and society, has undergone a major renovation in its thinking, lines, policies, and organization. This is a profound political renovation of great significance. Without political renovation, there could not be renovation in other spheres. Some people have said that we are carrying on only economic renovation and not political renovation. Perhaps that is because they lack information and have failed to understand the renovations that we have made on this front.

Along with economic and political renovation, we have carried on foreign affairs renovation, coordinated the strengths of the nation with the strengths of the present age, expanded international cooperative relations, and pluralized things and tried to be friends with all countries for peace and development.

To date, the renovation path toward socialism put forth by the party has, through actual practice, not only a framework but also real flesh. Naturally, completing this will take time.

What was the origin of Vietnam's renovation movement?

In the book *Challenges on the Path of Reform in Indochina*, Dwight H. Perkins, the author of Chapter I, mentions the problem of the motive force of reform. The author asks: "Was it the economic crisis in Vietnam that inspired the policy changes made at the Sixth Party Congress in December 1986?"[1] The author answers his own question by saying that "industrial and agricultural activities during the period 1981-1985 do not show that there was any crisis or any other reason for carrying on a reform."[2] The author says that the reforms in the Soviet Union, Eastern Europe, and China and the successes of the nonsocialist countries in East Asia "very likely influenced the reform decisions in Vietnam."[3]

The author made several attempts but failed to get at the truth. He did not make it clear that while renovation in Vietnam has been affected by international conditions, it stems primarily from Vietnamese realities. It can be said that during the period 1976-1980, our country's economy was very sluggish. Industrial production increased an average of only 0.6 percent, agricultural production rose 1.9 percent, and the national income rose 0.4 percent while the population grew by almost 1 million people a year. During the period 1981-1985, production expanded, with the average being 4.9 percent for agriculture and 9.5 percent for industry. But the economic and social situation was still very difficult. Because of heavy state subsidies, although production increased, there was still a serious shortage of commodities, and there was a large budget deficit. In 1983 and 1984, up to one-third of budget expenditures were accounted for by loss and price subsidies, and there was high inflation. Using 1976 as the base year with an index of 100, by 1981 the index had risen to 313.8 percent, and by 1985 the index was much higher. The difficult economic situation, the difficulties in life, and the crisis and sluggishness in Vietnam during the final years of the 1970s and the first half of the 1980s required that steps be taken to renovate things. Our party, the leader of the country, realized this and took resolute action in accord with the demands of national life.

The Sixth Plenum of the CPV Central Committee, 4th Term, in 1979 holds an important position in renovation. The plenum put forth a number of renovation policies. Although these were not as fundamental or comprehensive as those of the Sixth Congress, they were the first step. The idea that arose there was to "enable production to boom," meaning that appropriate solutions had to be found to overcome the shortcomings in managing things and in reforming socialism in order to create a motive force to expand the production forces.

Directive 100 of the Secretariat on "contracts" in agriculture and Decision 25-CP dated 21 January 1981 initiated and manifested the renovation spirit of the resolution of the Sixth Plenum of the CPV Central Committee.

"Contract 100" was a renovation of the cooperative model and implemented product contracts for all laborers.

Decision 25-CP permitted the state enterprises to balance production and distribution, in addition to fulfilling the plans formulated by the state with guaranteed materials, and at the same time, open secondary production.

Decision 25-CP proposed renovations in the spheres of prices, profits, and bonuses.

The Fifth Congress held in 1982 pointed out that the main reasons for the difficulties and sluggishness in production and life were the mistakes that had been made in leading and guiding things. Based on that, ideas were given concerning the first stage, the contents of industrialization, and the problems of a multi-faceted economy at that time in southern Vietnam.

The resolution of the Eighth Plenum of the CPV Central Committee, 5th Term, in June 1985, which concentrated on prices, wages, and monetary matters, advocated eliminating the centralized state subsidies mechanism, which was a decisive break-through, in order to switch the economy to socialist business accounting and eliminate state subsidies through prices and wages.

Following that came the "Conclusions of the Politburo Conference (5th Term) on a Number of Economic Issues," which formed the theoretical and political basis for the Political Report presented at the Sixth Congress.

The Sixth Congress marked the turning point concerning renovation, and it put forth a comprehensive renovation line. In the 8 years that have passed since the Sixth Congress, the renovation line has, through reviews of practices, been supplemented and developed. From this, we have formed a concept of socialism and the path to socialism in our country. We do not reject the studies or experiences of other countries, either their successful or unsuccessful experiences; but the starting point for our party in putting forth a renovation line has been Vietnamese realities, not outside realities. And the renovation solutions in Vietnam stem mainly from Vietnamese realities and are based on Vietnam's special characteristics.

Vietnam's renovation situation is very different from that of other countries that are making reforms. Vietnam is a poor and underdeveloped country with one of the lowest incomes in the world, and we have experienced the great effects of war. At the same time we have been encircled and isolated by many powers. When the Soviet Union collapsed, the renovation movement of our people faced a very dangerous situation. But our country held its ground and continued to advance. The main reason for this success is that our party put forth a correct renovation line that was formed based on Vietnamese realities, that was tested in life, and that fulfilled the hopes of the entire nation.

Once it was determined that it was essential to carry on renovation, we had to have a spirit of self-reliance, seeking, creativity, and daring to eliminate outmoded ideas. We could not allow the old to hold us back and had to put forth new solutions and policies. At the same time, we constantly had to remain vigilant and promptly discover and block movement in the wrong direction. The political ability of our party lies in this. The Sixth National Congress, the Seventh Congress, and the mid-term conference have provided us with a clear example of this and given us valuable lessons concerning our country's line for advancing.

By holding firmly to the party's renovation line, our people will certainly overcome poverty and gradually hit the target of a prosperous people, strong country, and just and civilized country.

Footnotes

1. Harvard Institute for International Development: *Challenges on the Path of Reform in Indochina*, National Political Publishing House, Hanoi, 1994, pages 36, 38, 39.

2. Ibid.

3. Ibid.

Trade Minister on U.S. Sanctions Against PRC

BK0602015295 Melbourne Radio Australia in English 0100 GMT 6 Feb 95

[FBIS Transcribed Text] Australia had expressed sympathy for the United States trade sanctions against China over a copyright dispute. Australia's trade minister, Bob McMullan, said he would like to see China clean up intellectual piracy.

Senator McMullan said most countries shared the view there could not be reasonable trade where products could be illegally copied. He said this was an important principle. Sen. McMullan said the issue would be best dealt with multilaterally through global intellectual property laws, but he said, while uncomfortable with the American bilateral action, he was sympathetic with the United States on the issue.

The trade minister said Australia would benefit from the trade conflict if China improved its approach to intellectual property laws. He said Australia was not as big an exporter of intellectual property rights as the U.S., but it was a growing area.

South Africa's De Klerk Begins 5-Day Visit

Says Ties on 'Right Track'

BK0602072195 Melbourne Radio Australia in English 0500 GMT 6 Feb 95

[FBIS Transcribed Text] The deputy president of South Africa, F.W. de Klerk, says relations between his country and Australia are on the right track. Mr. De Klerk was speaking after arriving in Sydney for a five-day visit which will involve a meeting with Australia's prime minister, Paul Keating, on Thursday [9 February] morning. He will also address two business forums in Sydney and Melbourne to highlight investment opportunities in South Africa. Mr. De Klerk says he hasn't arrived with a shopping list but that the process of reconciliation in South Africa has brought economic reform. He says, while Australia and South Africa have been distant in the past, both can benefit from improved ties.

[Begin De Klerk recording] I think it has already started to mend. I don't think it needs much more medicine, it needs much more contact I think, yes. There was a bit of a tension from that (?which I represent), but we missed playing against you and it is wonderful to be back on the playing fields against Australia again. I'm rooting for my team in the final two matches of the Davis Cup match in Durban. [end recording]

Urges Support for Economic Group

BK0702093895 Melbourne Radio Australia in English 0500 GMT 7 Feb 95

[FBIS Transcribed Text] South Africa's deputy president, F. W. De Klerk, has called on Australia's support for the creation of an Indian Ocean economic grouping. He told a business gathering in Sydney the time has come for countries in the Ocean to establish closer ties with each other and avoid being enslaved by the economic power blocs of the world. More from Wong Puan Wah:

[Begin Wah recording] Although Mr. De Klerk is visiting Australia unofficially as guest of an American firm, he will be having talks with Australia's foreign minister, Senator Evans, on a proposed Indian Ocean grouping. It is the second time South African leaders have publicly spoken of such a proposal. The first by President Nelson Mandela during his recent visit to India. According to Mr. De Klerk, the Indian Ocean group could include Australia, Indonesia, Malaysia, Singapore, India, and East African nations. In his address Mr. De Klerk also ruled out speculations that he and his National Party would quit the government of national unity following a sharp dispute over the amnesty issue. [end recording]

Portuguese Claim on East Timor Rejected at Hague

BK0702054195 Melbourne Radio Australia in English 0100 GMT 7 Feb 95

[FBIS Transcribed Text] Australia has rejected a claim by Portugal that the Australian Government condoned Indonesia's invasion of East Timor in 1975. The response came as Australia opened its submission at the International Court of Justice in the Hague, where Portugal has brought a case against it for signing a treaty with Indonesia on oil exploration in the Timor Sea.

Counsel for Australia told the court that Portugal was using Australia as a decoy when its real target was Indonesia.

Australia's foreign affairs minister, Gareth Evans, says Indonesia has been forewarned of the arguments Canberra will run in the case as a matter of good international relations.

[Begin Evans recording] What we are saying is that while we recognize Indonesian sovereignty now over East Timor, we also recognize the continuing right of the East Timorese people to self-determination, just as in the past we recognized that Portugal had sovereignty but recognized internationally that the East Timorese again have the right to self-determination, and we just wanted to make sure that the Indonesians understood the necessity of us putting the case legally in those terms. [end recording]

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